

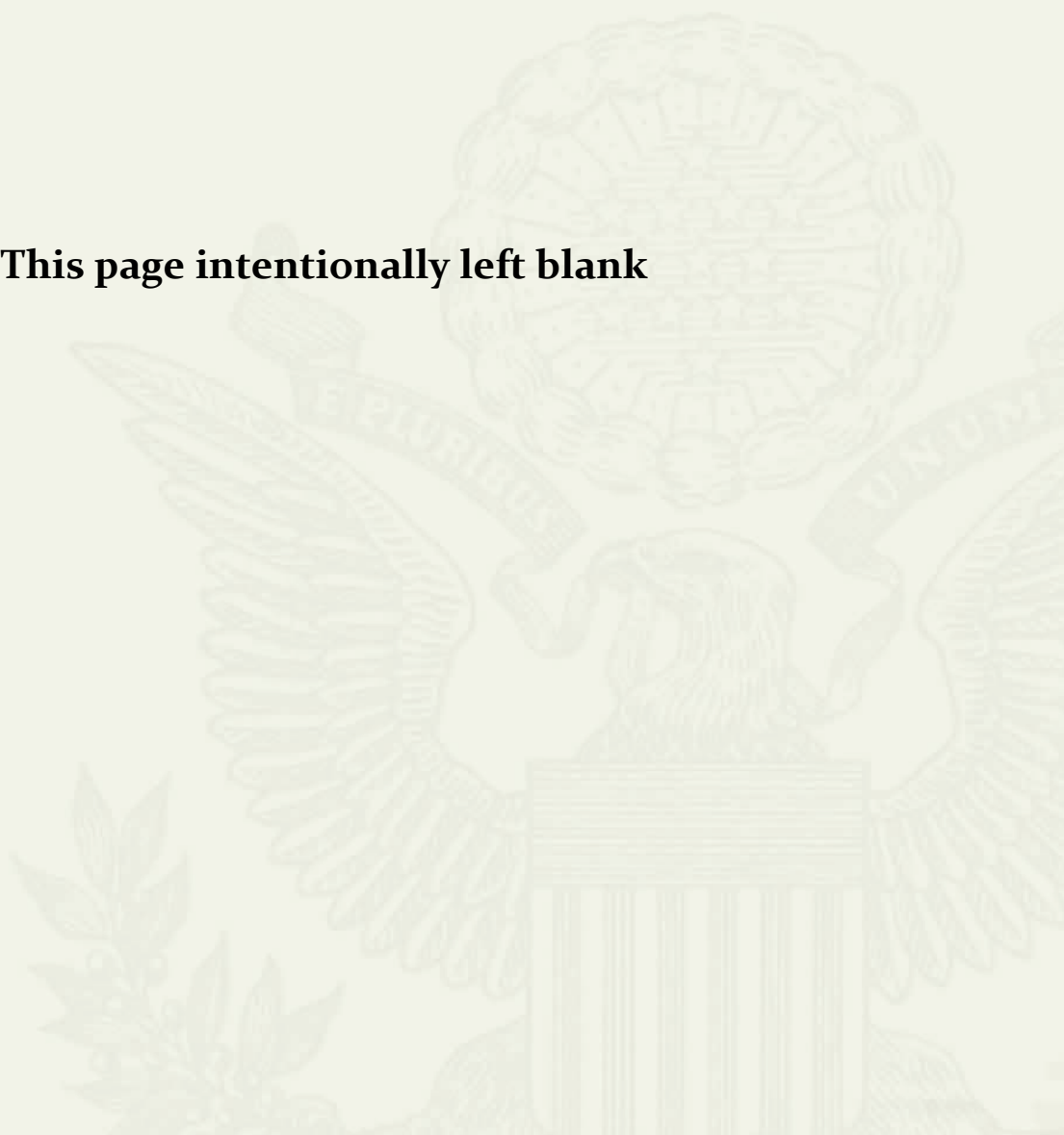


2010  
**United States Army**  
**Report to Congress**  
Office of Business Transformation



1 MARCH  
2010

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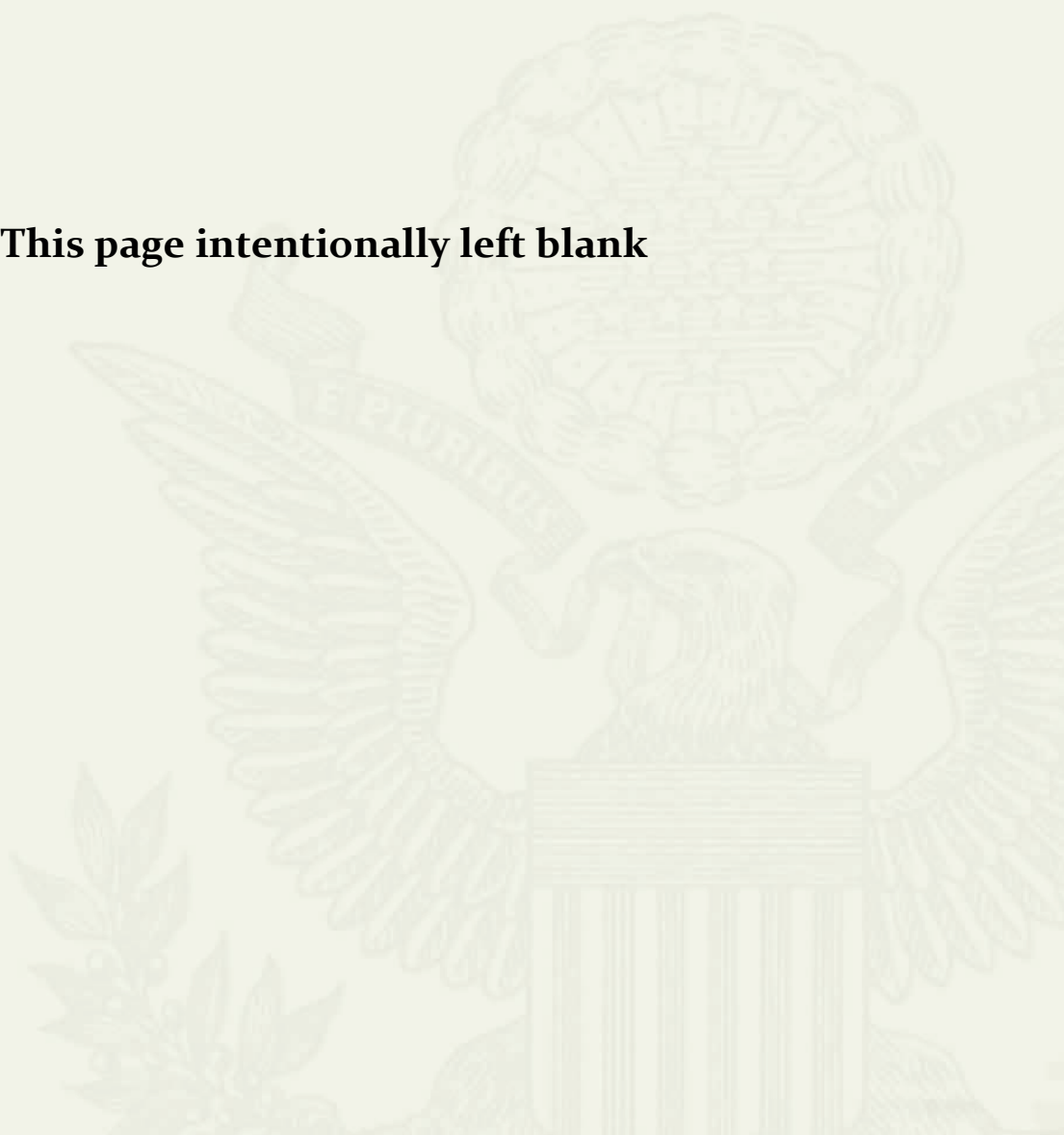


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## SECTION I - INTRODUCTION

***Congress has directed the Army to pursue and report on a Business Transformation Initiative to fully implement an integrated management system for the effective and efficient conduct of Army business operations***

This report provides an update on the Army's progress towards implementing the set of business transformation-related requirements outlined in Section 908, of the Duncan Hunter National Defense Authorization Act (NDAA) for Fiscal Year 2009 (Public Law 110-417). This legislation directs the Chief Management Officer of each military department to submit to the congressional defense committees by March 1, 2010, an update of the report initially submitted on actions taken and actions planned to be

taken to carry out an initiative for the business transformation of the military department. The Army recognizes the challenges of transforming our business operations and we are committed to implementing all requirements of this legislation.

### ***Profound Change and the Primary Driver of Army Business Transformation***

The nation and its military have endured over eight years of persistent conflict. Threats and security demands have become more diverse, challenging the Army's ability to generate forces on a continual, long-term basis. The demands of sustained commitment to large, long-term contingency operations over the past eight years has resulted in the realization that the Army's normal operating tempo is and will remain high for the foreseeable future. The Army needs to do business differently to adapt to this operating tempo. In response to this profound change, the Army decided to replace our pre-September 11 model for generating forces<sup>1</sup> with a new rotational model that is designed to effectively and efficiently generate trained and ready forces for Combatant Commanders on a sustained basis. We call this rotational force generation model and process – Army Force Generation (ARFORGEN).<sup>2</sup>

Adopting this rotational operating model has profoundly changed the Army. It led the Army to realign its policies, processes, and procedures for managing the generating force, specifically how we man, equip, train, and fund the operating forces on a sustained basis. Army business transformation will drive the needed improvements in coordination between the generating force and the operating force.

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<sup>1</sup> The generating force consists of those Army organizations whose primary mission is to generate and sustain the operating force (those forces whose primary missions are to participate in combat and the integral supporting elements thereof) capability for employment by Combatant Commanders.

<sup>2</sup> Army Force Generation (ARFORGEN) is a rotational readiness model and process that cycles units through three force pools: reset, train/ready, and available. The force pools are available at varying time intervals based on their readiness levels to provide operational and strategic depth.

## ***Business Transformation Imperatives***

In making this change, we recognize the need to improve efficiencies by moving away from managing through stovepipes while embracing greater transparency and collaboration. With this in mind, we will guide our business transformation initiatives using the following set of business imperatives:

- Army management must be ***forward-leaning and future-focused*** to establish and maintain common Army business goals, strategies and outcomes. We must also ensure that we maintain policy, management, and financial alignment with those goals and outcomes as we balance the need to generate forces for immediate requirements while addressing long-term competing fiscal priorities.
- The Army must develop a ***fully integrated management system*** that will enable the generating force—Army organizations whose primary mission is to generate and sustain the operational Army’s capabilities for employment by Joint Force commanders—to align better with the operating force. ***“One integrated Army management system—end-to-end, and top-to-bottom – generating the most capable and ready Army at best value,”*** will ensure that the Army works toward a common purpose, across lifecycle management functions, and through and across organizational layers.
- The Army must adopt a ***performance-based and outcome-focused*** paradigm enabled by a cost culture—informed decisions and trade-offs based on value and cost-benefit analysis—for successful management of the Army’s business operations. It also requires performance metrics and targets to monitor attainment of goals and objectives. For example, CMO guidance for fiscal year 2011 budget directs the Army to change the business model to provide a rotational and sustained flow of trained and ready forces at a tempo (amount of deployed and home station dwell time) that is predictable and sustainable for our All-Volunteer Force.

## ***Business Transformation Imperatives***

- ***Forward-leaning and future-focused***
- ***One integrated Army management system – end-to-end, and top-to-bottom – generating the most capable and ready Army at best value***
- ***Performance-based and outcome-focused***

## ***Army Actions Pursuant to Business Transformation Legislation***

Pursuant to NDAA for Fiscal Year 2009, the Secretary of the Army established the Office of Business Transformation (OBT) in April 2009<sup>3</sup> and stated “the exact scope of the missions, functions, and powers of the OBT and the Director of Business Transformation; the structure of the OBT; and the method of staffing the OBT shall be established in the near future.” This was followed in July 2009<sup>4</sup> by a report to Congress documenting these actions and explaining the Secretary had directed the development of a special report “detailing options and recommendations on roles, responsibilities, and organization of the CMO and OBT” for presentation to the next Secretary of the Army.

The current Secretary of the Army and Under Secretary of the Army were sworn into office on September 21, 2009. The Secretary of the Army appointed the Under Secretary as the Army’s first CMO in October 2009.

<sup>3</sup> Additional details in Annex D, Appendix 1.

<sup>4</sup> Additional details in Annex D, Appendix 2.



On December 8, 2009 the CMO appointed a transition team to review previous recommendations and advise him on how to best determine the exact scope, of the mission, functions, powers, and structure of the OBT.

***Army General Order dated February 5, 2010 directs the OBT as an Army Secretariat activity within the Office of the Secretary of the Army, reporting directly to the Under Secretary of the Army in his role as the Army's Chief Management Officer to carry out any business transformation initiatives approved by the Secretary***

On February 5, 2010, the Secretary of the Army signed a General Order designating “the OBT as an Army Secretariat activity within the Office of the Secretary of the Army, reporting directly to the Under Secretary of the Army in his role as the Army’s Chief Management Officer (CMO).” This order states “In carrying out any business transformation initiatives approved by the Secretary, the Director of Business Transformation has the authority to require Army agencies, commands, and other elements to carry out actions that are within the purpose

and scope of the initiative. The CMO and the Director of Business Transformation shall obtain the approval of the Secretary before combining, consolidating, restructuring, creating, eliminating, or substantially altering any Army business operation, system, process, network, or procedure, or any office, position, or entity of the Department.”<sup>5</sup>

The NDAA for Fiscal Year 2009 directs the CMO of each military department to submit to congressional defense committees a report on actions taken and on the actions planned to be taken to carry out an initiative for the business transformation of the military department. The law also directs the following:

- Establishment of an “Office of Business Transformation to assist the Chief Management Officer of such military department in carrying out the initiative” required by Section 908;
- Development of a comprehensive business transformation plan, with measurable performance goals and objectives, to achieve an integrated management system for the business operations of the military department;
- Development of an enterprise-wide business systems architecture and transition plan encompassing end-to-end business processes and capable of providing accurate and timely information in support of the business operations of the department;
- Implementation of the business transformation plan and the business systems architecture and transition plan pursuant to Section 908 of the NDAA for Fiscal Year 2009.

## ***Report Contents and Description***

The main body of the report is divided into separate sections addressing legislative requirements. Section II describes the steps the Army has taken to develop the *Office of Business Transformation*; Section III describes the Army’s approach to developing the *Business Transformation Plan* including current business transformation efforts that are and will remain central to the Army’s current transformation agenda; Section IV describes the Army’s approach to developing a *Business Systems Architecture and Transition Plan* that will enable improvements to business operations; Section V describes current efforts

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<sup>5</sup> Additional details in Annex D, Appendix 3.

aimed at addressing Section 1072 of the NDAA for Fiscal Year 2010, requiring appropriate CMO review of defense business system modernizations to determine whether or not appropriate *business process reengineering* efforts have been undertaken; and Section VI provides a conclusion. Additional information is included in annexes to this report:

- Government Accountability Office (GAO) findings and reports (Annex A);
- Ongoing transformation efforts (Annex B);
- Long-term milestones (Annex C);
- References (Annex D);
  - Secretary of the Army Memorandum Establishment of the Army Office of Business Transformation (Appendix 1);
  - 2009 Report to Congress on Army Business Transformation (Appendix 2);
  - General Order 2010-01 Establishment of the Office of Business Transformation (Appendix 3).

The Army understands its business transformation initiative has a number of key challenges. These include transitioning non-integrated legacy business systems built over many years; aligning and integrating its business transformation initiatives with the Planning, Programming, Budget, and Execution process; and institutionalizing enterprise governance. While these challenges are significant, the Army is crafting transformation initiatives that will tackle these issues and improve business operations.

In compliance with the NDAA for Fiscal Year 2009, this report provides an update on the Army's business transformation initiatives. After eight years of war, we are out of balance, deploying the All-Volunteer Force at unsustainable rates. The Army's greatest challenge is to restore balance—so Soldiers deploy at sustainable rates and the Army provides Combatant Commanders with forces trained for the full range of operational missions.

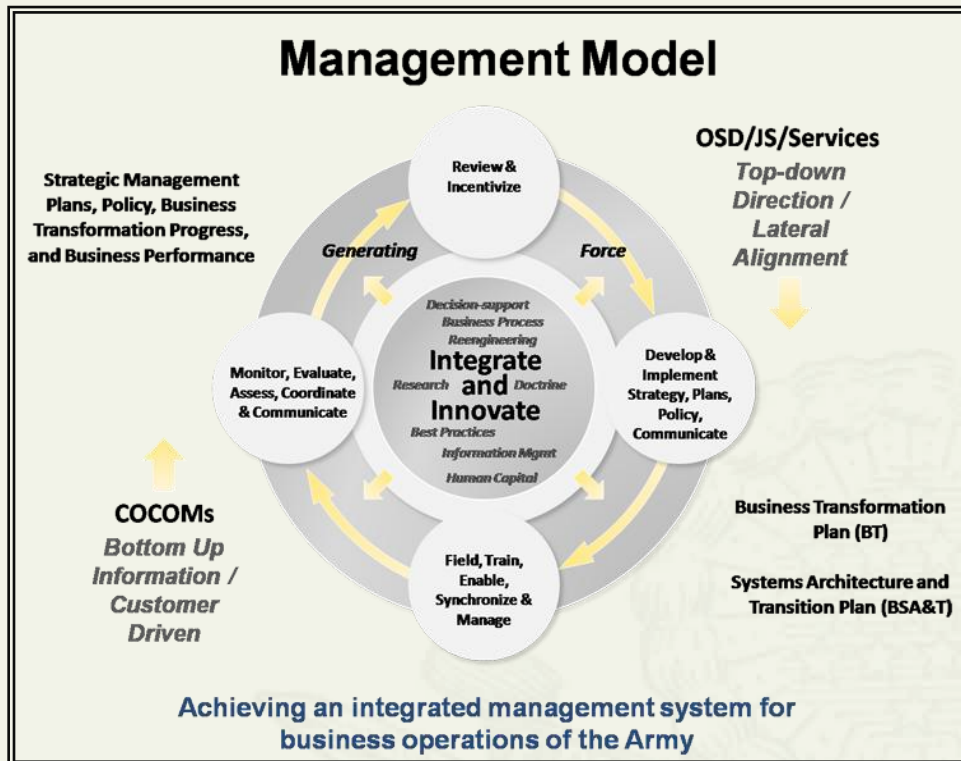
Through its business transformation initiative, the Army will align its generating force and business operations to support the agile and versatile operating force. The first steps toward this goal include establishing the Office of Business Transformation and developing the Army's Business Transformation Plan.



## SECTION II – THE OFFICE OF BUSINESS TRANSFORMATION

### *Army Management Model*

The Army management model describes the functions necessary to achieve an integrated management system critical to successful business transformation.



*Figure 1 – Army Management Model*

The model in Figure 1 above contains the four functions outlined below and form the framework for the organizational structure of the Office of Business Transformation (Annex A):

- *Align, Integrate, Develop, and Implement Business Transformation Initiatives.*
- *Field, Train, Enable, Synchronize, and Manage Business Operations.*
- *Monitor, Evaluate, Assess, and Coordinate Enterprise-wide Business Transformation Initiative Progress and Business Operations Achievement of Goals and Objectives.*
- *Review, Incentivize and Approve Business Transformation Initiative Plans and Budgets and Effectively Communicate Business Transformation Plan & Progress and Business Operations Performance.*

Application of this management model and a complementary organizational structure within the OBT will provide an enterprise-wide management capability to support business transformation. The management of Army business operations will align with the DoD, the Joint Staff, and sister Services as appropriate. It will be customer driven with bottom-up information from the Army Service Component Commands and the Combatant Commands. The net result is continuous improvement in business operations through alignment, integration, and innovation.

## *Army Approach for Establishing the Office of Business Transformation*

***Section 908 of the NDAA for fiscal year 2009 directed the Secretary of each military department to establish an “Office of Business Transformation” to assist the Chief Management Officer of such military department in carrying out a business transformation initiative.***

Subject to the authority, control and direction of the Secretary of the Army, the OBT shall assist the CMO in carrying out the Army’s business transformation initiative. The OBT will promote the development and implementation of a fully integrated management system, envisioned to achieve **“One Army management capability—end-to-end...top-to-bottom—generating the most capable and ready Army at best value.”** The OBT is led by the Director of Business Transformation and organized into three directorates able to drive the management process: plan, implement, evaluate, and adjust. The CMO will use this organization to adjust the broad transformation agenda, promote business transformation initiatives, and supervise business operations management of the Army.

## ***What Has Been Done***

Pursuant to the NDAA for Fiscal Year 2009, the Secretary of the Army established the OBT in April 2009<sup>6</sup> and stated “the exact scope of the missions, functions, and powers of the OBT and the Director of Business Transformation; the structure of the OBT; and the method of staffing the OBT shall be established in the near future.” This was followed by a report to Congress in July 2009<sup>7</sup> documenting these actions and explaining the Secretary had directed the development of an internal report “detailing options and recommendations on roles, responsibilities, and organization of the CMO and OBT” for presentation to the next Secretary of the Army.

The Secretary of the Army appointed the department’s first CMO in October 2009. On December 8, 2009, the CMO appointed a transition team to review previous recommendations and advise him on how to best determine the exact scope, of the mission, functions, powers, and structure of the OBT. The transition team completed its review on January 8, 2010, and, with guidance and direction from the CMO and the Secretary of the Army, began work on achieving initial operating capacity of the OBT as rapidly as possible.

On February 5, 2010,<sup>8</sup> the Secretary of the Army signed a general order designating “the OBT as an Army Secretariat activity within the Office of the Secretary of the Army, reporting directly to the Under Secretary of the Army in his role as the Army’s Chief Management Officer.” This order states “In carrying out any business transformation initiatives approved by the Secretary, the Director of Business Transformation has the authority to require Army agencies, commands, and other elements to carry out actions that are within the purpose and scope of the initiative. The CMO and Director of Business Transformation shall obtain

***Army General Order 2010-01, dated February 5, 2010, directs the OBT as an Army Secretariat activity within the Office of the Secretary of the Army, reporting directly to the Under Secretary of the Army in his role as the Army’s Chief Management Officer to carry out a business transformation initiative***

<sup>6</sup> Additional details in Annex D, Appendix 1.

<sup>7</sup> Additional details in Annex D, Appendix 2.

<sup>8</sup> Additional details in Annex D, Appendix 3.

the approval of the Secretary before combining, consolidating, restructuring, creating, eliminating, or substantially altering any Army business operation, system, process, network, or procedure, or any office, position, or entity of the Department.”

The OBT employs and supports the development and implementation of a fully integrated management system using the following four management areas outlined below and depicted in Figure 1:

- *Plan, Implement, Evaluate, and Adapt Business Transformation Initiatives (Plan).* The Business Transformation Directorate will perform comprehensive planning functions, including the Business Transformation Plan and the Business Systems Architecture and Transition Plan.
- *Field, Train, Enable, Synchronize, and Manage Business Operations (Implement).* The Directorate of Business Operations will develop specific proposals for review by the CMO and decision by the Secretary of the Army regarding implementing the business transformation plan and the business systems and architecture transition plan, business system compliance reviews, business process reengineering reviews, and process/governance synchronization. The Directorate of Business Operations will require Army agencies, commands and other elements to carry out actions that are within the purpose and scope of the initiative.
- *Monitor, Evaluate, Assess, and Coordinate Enterprise-wide Business Transformation Initiative Progress and Business Operations Performance (Evaluate).* The Directorate of Business Assessment will leverage the Army enterprise performance management model, and will require Army agencies, commands and other elements to carry out evaluations and assessments within the purpose and scope of the initiative. It will also provide independent and/or collaborative assessment of business transformation progress and business operation effectiveness and efficiency to and provide decision makers with timely and accurate information.
- *Review and Approve Business Transformation Initiative Plans and Budgets, Effectively Communicate the Business Transformation Plan and its Progress, and Business Operations Performance (Adjust).* Subject to authorities and responsibilities granted to the CMO by the Secretary of the Army, the CMO, assisted by the Director of Business Transformation, will perform this function. Otherwise the CMO, assisted by the Director of Business Transformation, will also advise the Secretary of the Army as appropriate.



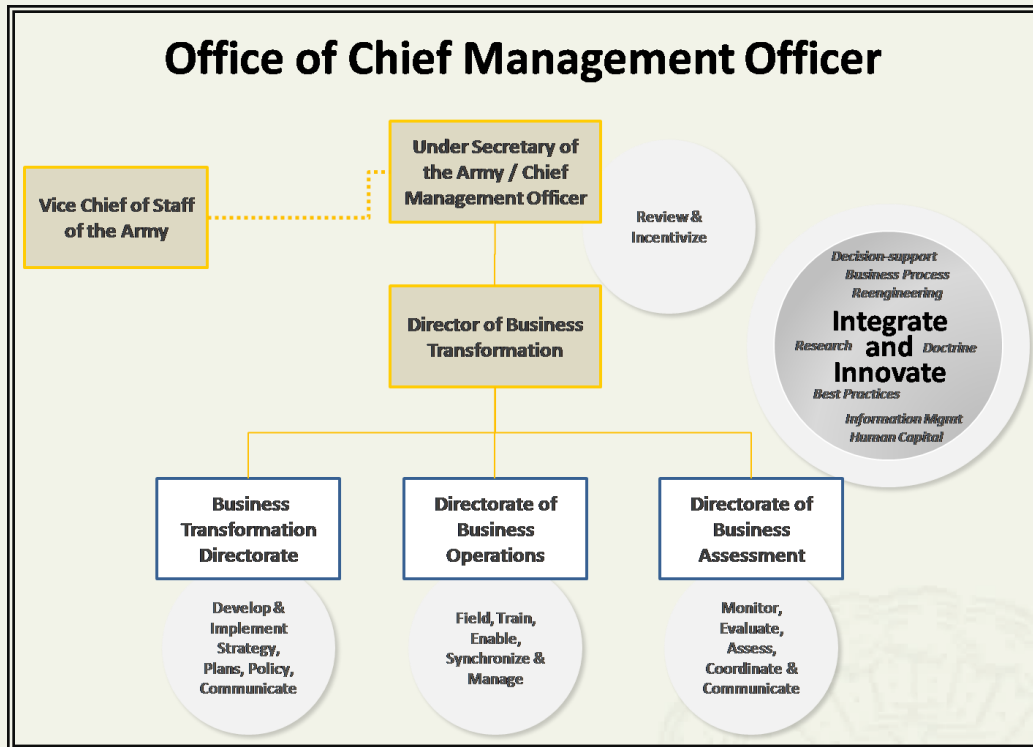


Figure 2 – Office of Business Transformation (OBT)

The OBT will be composed of personnel with appropriate expertise in business enterprise architecture, continuous process improvement, assessments, and governance. By structuring an office with a robust mix of civilian and military architecture and functional experts, the OBT will best be able to promote development and implementation of our business transformation strategy and plan.

### What Needs To Be Done

By the end of fiscal year 2010, the OBT will achieve full operating status, will have its senior leaders, architecture, and functional experts in place, and will conduct a review of its internal structure to determine whether further adjustment is necessary. In the third and fourth quarters of fiscal year 2010, the OBT will begin conducting business portfolio reviews, under the guidance and direction of the Secretary and the CMO, to understand the status quo, and to assess the way ahead as part of developing the Army's *business transformation plan*. These reviews will align with DoD business transformation initiatives and integrate the Army's end-to-end lifecycle processes and essential to building a sound *business transformation plan* and a supporting *business systems architecture and transition plan*.

## SECTION III - BUSINESS TRANSFORMATION PLAN

The Army's business transformation initiative is being informed more than eight years of continuous deployments and recognition of the need to effectively implement an effective rotational-based operating model. The plan will align externally with the DoD's Core Business Missions and its Strategic Management Plan,<sup>9</sup> and internally with the Army's Enterprise Management construct.<sup>10</sup> The following principles will guide our business culture and our performance transformation:

### *Business Transformation Principles*

- ***Outcome Focused and Best-Value***
- ***Alignment***
- ***Holistic, Enterprise-Level Thinking***
- ***Integration and Collaboration***
- ***Innovation***

- ***Outcome-Focused and Best-Value*** transformation initiatives;
- ***Alignment*** both vertical and horizontal, and internal and external—to ensure execution of stakeholder and Army priorities are in support of national security objectives;
- ***Holistic, Enterprise-Level Thinking*** with an associated governance construct and cultural mindset for transformation and business operations management;
- ***Integration and Collaboration*** as a means for transformation and continuous improvement;
- ***Innovation*** as an inherent result.

***Outcome-Focused and Best Value*** is about results, rather than inputs or processes. Our efforts will concentrate on results by focusing the entire organization on the desired outcome and to filter decisions through a lens of costs and benefits. This is meant to create an environment where the Army works together toward a clearly defined common purpose using value as a basis for investments and decisions. The Army's attention to outcomes and best value already has been demonstrated through the priorities and decisions made during the current budget development cycle aligning the Fiscal Years 2012-2017 program objective memorandum to an expected sustainable capability level.

***Alignment*** is a method for creating a shared direction throughout the organization, whereby all members of the organization understand the ultimate result to be achieved, and all parties work toward the same goals and desired results. Decisions and investments are made in light the overarching enterprise goals.

The Army recognizes the importance of aligning with the DoD Core Business Missions, priorities and goals as described in DoD's Strategic Management Plan, the 2010 Performance Budget, and DoD Business enterprise architecture guidance. This external alignment is achieved through frequent and periodic senior leader reviews to establish and maintain a common Army business strategy, and through ongoing collaboration with the DoD Deputy CMO and Business Transformation Agency.

<sup>9</sup> DoD's Strategic Management Plan describes the integrated activities representing the DoD's performance management system.

<sup>10</sup> The Army's Enterprise Management construct is comprised of four Core Enterprises and the Army Management Enterprise. The Core Enterprises are functionally aligned along the Army's Title 10 end-to-end lifecycle functions; these entities establish a proactive means to promote collaboration among the Army's senior leaders, share ideas, and find solutions to common problems. As such they share mutual interest, but do not have command and control relationships.

Internally, efforts are underway to align strategic priorities for improving Army business operations with those of the Army's strategic outcomes and goals. Core Enterprises provide opportunities to evaluate and guide functional alignment with manning, equipping, training, and sustaining priorities. These, in turn, are integrated with the Planning, Programming, Budgeting, and Execution System by the Army Management Enterprise. Additionally, the Army Enterprise Board, as the Army's senior advisory body, provides recommendations to the Secretary to ensure strategic alignment.

**Holistic, Enterprise-level Thinking** entails working together to obtain the best possible outcomes for the entire Army rather than singular parts of the Army. The Army is enabling this mindset by adopting an enterprise governance model with functionally aligned and inclusive senior leader forums (e.g. Army Enterprise Board, Army Management Enterprise, and Core Enterprise" governance structures) that embed "best for the Army" thinking.

**Integration and Collaboration** is based on the Army's appreciation that organizations must communicate and coordinate their efforts. External research and direct experience indicates that better communication and coordination leads to improved integration of activities and decreased duplicative activities and rework. The enterprise governance model was founded on this concept.

**Innovation** is based on the understanding that information transparency, open and inclusive discussions regarding cross cutting issues, and cooperative partnerships within and outside the Army all promote creativity. The Army's portfolio review process and enterprise governance model encourage innovation as they provide opportunities for individuals and organizations to share insights and cross functional information that expands the aperture of possibilities and solution sets.

## ***The Army's Business Transformation Plan***

The Business Transformation Plan will articulate the Army's business transformation vision, goals, strategy, initiatives, measures, and performance targets. It will build upon previous and ongoing transformation initiatives including continuous process improvement, business system architecture, information technology portfolio management, and enterprise-wide governance. As the *business transformation plan* is developed, it will inform other areas of transformation such as the *business systems architecture and transition plan*, portfolio reviews, high-value areas, and audit plans.

The Business Transformation Plan will also include a set of initiatives, both new and ongoing, that will be designated as CMO transformation initiatives to include programs already placed under CMO oversight such as those in the DoD Strategic Management Plan and GAO-designated high-risk areas (e.g., financial management, business systems modernization and supply chain management). A more complete list of ongoing transformation efforts is in Annex B.

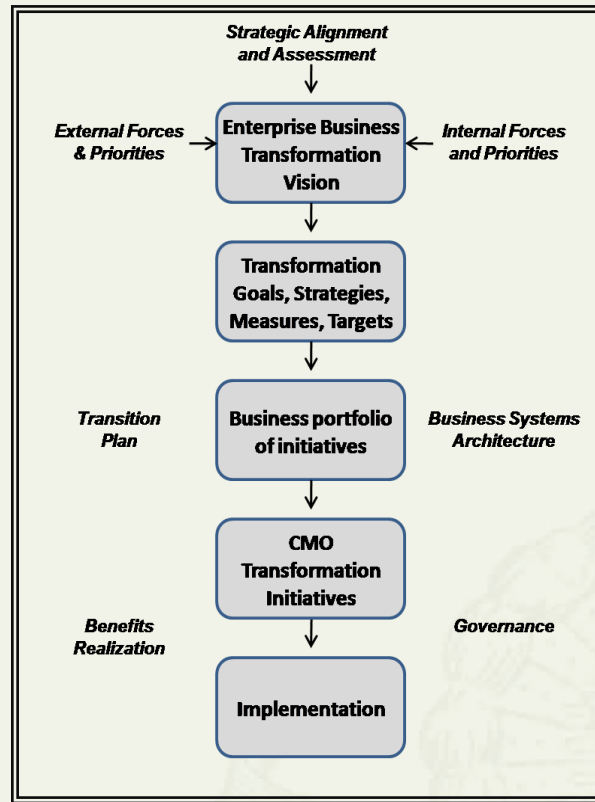
The Business Transformation Plan will contain multiple elements—to include external stakeholder priorities, strategic intent, tactical initiatives and implementation planning.

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" Additional details on the full enterprise construct are available in Annex B.



## *The Army's Business Transformation Plan Elements*



**Figure 3 – Elements of the Army Business Transformation Plan**

**Enterprise Business Transformation Vision:** The business transformation vision provides a clear, comprehensive vision of desired results and how our business transformation initiatives will promote necessary changes to our business operations to achieve those results. Key inputs to this vision development include: strategic alignment and assessment within the Army, across DoD, and more broadly to national objectives; an understanding of the internal and external forces affecting our business operations to include an understanding of how those forces shape our future.

**Transformation Goals, Measures, and Targets:** The plan will identify a set of strategic goals, success measures and targets addressing business challenges. Strategic goals will address performance gaps between our current and future business capabilities. Measures and targets will be aligned with our goals.

**Business Portfolio of Initiatives:** The next element of the plan is the review of a broad set of business initiatives linked to improving our business operations. Portfolio reviews will be informed by our business transformation plan and business systems architecture and transition plan and will address all aspects of business operations (e.g., people, process, organizational structure, facilities, technology, cost structure, policy and systems). They will be benchmarked against leading commercial and government organizations and best practices and will be informed by our strategic alignment and assessment. Portfolio reviews will be categorized by functionally aligned Core Enterprises, end-to-end processes and business functions that enable

Army force generation. Examples of portfolio reviews include GAO high-risk areas<sup>12</sup> such as Total Asset Visibility and Army priorities regarding enterprise information technology transformation.

**CMO Transformation Initiatives:** All of the initiatives within the portfolio fall within the CMO's umbrella of interest. A subset of these initiatives, designated as "CMO Transformation Initiatives," will receive focused CMO oversight.

**Implementation:** The OBT includes a directorate dedicated to facilitating and overseeing implementation of business transformation initiatives, and a separate directorate to establish metrics and objectively measure progress.

### **Business Transformation Planning Process and Schedule**

The Army will support development of its first Business Transformation Plan with a process enabled by the OBT directorates, which plan the transformation agenda, execute initiatives, evaluates and monitors business operations and transformations initiatives, and adjusts to achieve desired effects. The Army will leverage its existing enterprise management structure<sup>13</sup> to aggressively plan the transformation agenda. Leveraging the Army Enterprise Board, the planning process will follow the steps illustrated in Figure 4 below (long-term CMO schedule is provided in Annex C):

Development of the Army Business Transformation Plan will begin in March 2010; with expected completion at the end of the fiscal year. The Army expects the business transformation vision, strategy and goals to endure over several years with annual updates. The following paragraphs describe specific steps to transformation plan development.

### **Business Driver Analysis**

Business transformation plan development starts with an in-depth assessment and alignment of the internal and external forces affecting the Army's business operations. Included in this assessment are existing priorities identified by DoD in the Strategic Management Plan and Enterprise Transition Plan, GAO recommendations, congressional mandates and specific Army priorities. This assessment also includes multiple senior executive-level reviews and discussions to gain unity of understanding and consensus on the Army's most critical business drivers and business transformation vision.

*Since October 2009, the Army Lean Six Sigma program has been providing Master Black Belt resources to Army Central Command (ARCENT) in support of "Responsible Drawdown," an initiative focused on the redistribution of personnel and equipment in theater. This massive supply chain challenge is historic in its proportion and speed. This effort is providing a high return in reduced cycle times, improved quality across operations, and a continued reduction in resources necessary to complete the mission.*

<sup>12</sup> Additional details of GAO high risk areas are in Annex A.

<sup>13</sup> The structure and model is described in Annex B, "Enterprise Management"

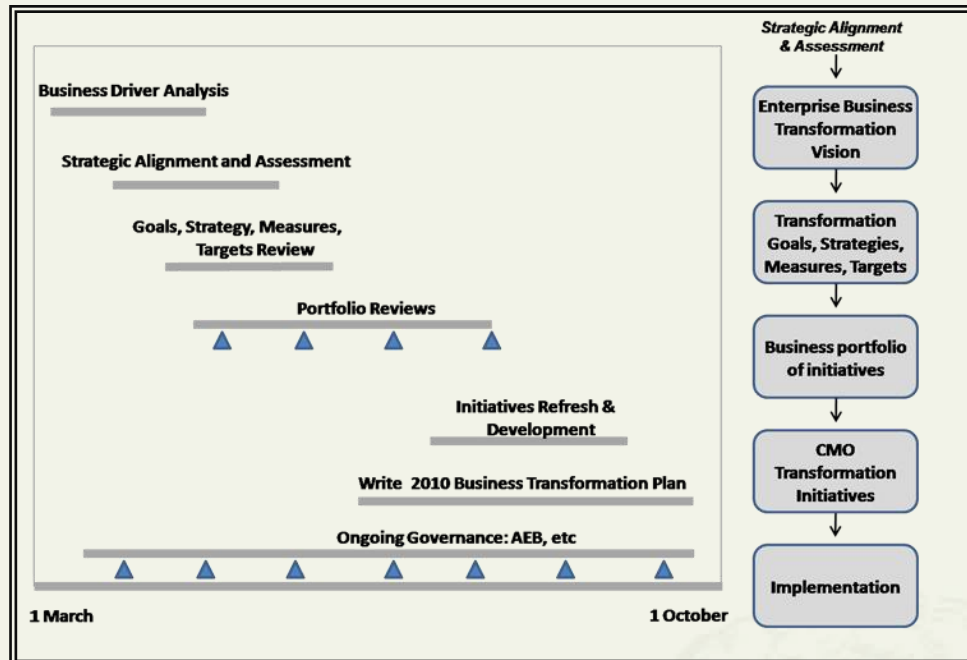


Figure 4 – Business Transformation Planning Process and Near-Term Schedule

## Strategic Alignment and Assessment

As described above, the goal of the strategic alignment and assessment effort is to review and assess existing external and internal goals, priorities, and initiatives in a common context to create a shared direction throughout the Army. The purpose is to align the Army Business Transformation imperatives with internal and external plans.

## Goals, Strategies, Measures and Targets Review

The Army will develop a set of strategic goals, strategies, measures and targets to address business challenges support the transformation vision. Strategic goals will address performance gaps between our current and future business capabilities. For example, we will set goals for improving the Army's core force generation process and then align that process with operating strategies, measures and targets to achieve those goals. Strategies, measures, and target development will leverage multiple sources of innovation to include GAO and strategic studies, benchmarking of leading commercial and government organizations and successful internal operating models.

## Portfolio Reviews

Next, the Army will conduct a series of portfolio reviews addressing all facets of business operations. The Strategic Alignment and Assessment phase (depicted in Figure 4) will inform the portfolio review phase, and the portfolio reviews will be categorized by functionally aligned end-to-end processes and the supporting business functions.

*The Army will include GAO identified high-risk areas in its strategic alignment and assessment reviews. This includes the GAO high-risk area called "Total Asset Visibility", which refers to the Army's ability to have transparency, control and accountability over its material assets, equipment and supplies.*



Portfolio reviews will be holistic and integrated, informed by business architecture, and address major facets of business operations. They will address external alignment with DoD's Core Business Missions, Business enterprise architecture, and priorities described in the DoD Strategic Management Plan as well as internally with Core Enterprises and priorities for improving the generating force. To ensure greater innovation, the Army will inject benchmarking and best practices from leading commercial and government organizations.

## ***Refresh and Develop Initiatives***

The Army will emphasize an integrated approach to each of its transformation initiatives. This includes leveraging DoD and Army business systems architecture work to implement and realize value from cross-functional and end-to-end processes. It also means ensuring the integration of

technology, organizational structure, process improvement, and human capital considerations in the implementation of modern and innovative business operating models. All business transformation initiatives will fall under the CMO's oversight and will be monitored and aligned by the OBT. A smaller subset of initiatives will be designated as CMO Transformation Initiatives and receive focused oversight on a monthly and quarterly basis. CMO Transformation Initiatives will include GAO designated high-risk areas.

## ***Enterprise Management***

To manage the Army's business transformation initiatives, the CMO will use its enterprise management model, which includes the following:

- ***Army Enterprise Board*** The Army Enterprise Board advises the Secretary of the Army and serves as a forum for collaboration and synchronization in the Department of the Army. It is responsible for reviewing strategic Army issues and providing advice to the Secretary of the Army. Recommendations support Army enterprise-wide results in the best interests of the Army.
- ***Army Management Enterprise*** The Army Management Enterprise provides the forum in which military and civilian leaders proactively collaborate on common issues regarding the business operations of the Army. The Army Management Enterprise is an advisory body that convenes the Army Secretariat and Army Staff Principals, and other key stakeholders as necessary, to collaborate on and share ideas regarding the integration of the Army's core processes—Planning, Programming, Budget and Execution System, and force generation—that support the warfighter. The Army Management Enterprise is responsible for the synchronization and integration of input from the Core Enterprises and their outcomes to ensure the planning, organizing, directing, and controlling of the

*One portfolio currently being developed will apply business, information and systems architectures to ensure collaboration and integration of the supporting business processes for Army Force Generation. In this portfolio, the Army leverages current and developmental systems that share common force generation data and identifies process improvement opportunities related to the architectures. Data shared in the Enterprise Management Decision Support system and associated synchronizing training event synchronization in the ARFORGEN Synchronization Tool (AST) provide valuable information to Army leaders regarding units' readiness as they progress through the ARFORGEN process*

Army enterprise's operation so that the Army's objectives can be achieved effectively and efficiently.

- **Core Enterprises** The Core Enterprises include the Human Capital Enterprise, the Materiel Enterprise, the Readiness Core Enterprise, and the Services and Infrastructure Core Enterprise. Core Enterprises are functionally aligned along the Army's Title 10 end-to-end lifecycle functions. They establish proactive forums for promoting collaboration among the Army's senior leaders, sharing ideas, and finding solutions to common problems. As such they share mutual interest, but do not have command and control relationships.

### ***Leveraging Army Current Business Transformation Efforts***

The NDAA's for Fiscal Years 2008, 2009, and 2010 provide opportunities to transform the Army. The Army has made significant progress in transformation during recent years, and expects to leverage past and current transformation efforts when developing the **Business Transformation Plan**. Not all current initiatives will emerge as priorities, but the Army expects several existing efforts to continue. These will include GAO high-risk areas like Financial Management and Business Systems Modernization, as well as a business systems architecture and transition plan.



## SECTION IV – BUSINESS SYSTEMS ARCHITECTURE AND TRANSITION PLAN

### *Army Approach for Implementing the Business Systems Architecture and Transition Plan*

The Army is implementing "one integrated Army management system" to support generation and sustainment of the world's most capable fighting force. Developing its business systems architecture and transition plan is essential to this effort. The business systems architecture will directly build on the DoD Business Enterprise Architecture (BEA), leveraging the requirements defined at the DoD enterprise level and extending those where necessary to include areas specific to the Army. The business systems architecture will include the results of process reengineering initiatives.

The business systems architecture and transition plan will be the blueprint for transforming the technology platform supporting Army business operations. It will include a comprehensive, enterprise-wide set of operational, technical, and systems requirements, e.g., end-to-end, cross-functional business processes, designed to increase the efficiency and effectiveness of business operations while minimizing the number of legacy systems, commercial off-the-shelf customizations and interfaces.

The business systems architecture and transition plan will establish a long-term road map for transitioning current business systems to the future integrated architecture. The Army intends to complete the initial version of the business systems architecture and transition plan after it finalizes the initial business transformation plan. Thereafter, both the business systems architecture and transition plan and business transformation plan will evolve concurrently, with the objectives to:

- Address the business operating model, information architecture and systems architecture for supporting the Army's core process—Army Force Generation;
- Ensure that the technology platform supports the generation and sustainment of Army forces and integrates battle command, network, and the generating force's functional architectures;
- Provide decision-makers with an integrated view of the business operating model and its supporting systems to enable accurate, innovative, and effective decisions;
- Leverage integrated processes and best practices of commercial off-the-shelf enterprise resource planning (ERP) solutions to guide business process reengineering efforts;
- Develop and execute an Army data strategy that makes Army data available to Army users in a secure and reliable manner to help ensure delivery of the right information to the right person at the right time.

### *What Has Been Done*

Since 2005, the Army has developed business architectures focused on the development of "domain" or functional architectures. Functional architectures are a valid approach for improving Title 10 functionality, but the demand to sustain the Army with fewer resources and support the current operational tempo is driving the Army to focus its efforts on enterprise-wide management



and improved Army business operations. To address this issue, the OBT is collaborating with key functional and technical stakeholders to develop an architecture that fits within, and extends, the LandWarNet concept for the Army's portion of DoD's Global Information Grid, leading to a single Army network.

## ***What Needs to Be Done***

To meet the statutory and business goals for the Army's *business systems architecture and transition plan*, the Army will collaborate with Army and DoD stakeholders to:

- Focus initial architecture development efforts on Army Force Generation by leveraging the business, information and system architectures under development by Forces Command;
- Federate existing domain and system architectures, using end-to-end business processes to develop a holistic and integrated view of the enterprise--top to bottom and end to end--while using existing architecture communities, products, and development efforts;
- Assess the current portfolio of business system investments, in conjunction with planned portfolio reviews, to identify risks to current business operations and opportunities to migrate to improved processes and systems. In doing this, the OBT will work simultaneously with the Core Enterprises, the Army Management Enterprise, and functional proponents to align investments to the federated architecture.
- Adopt and leverage commercial off-the-shelf enterprise solution architecture content to provide a common frame of reference for extending the business systems architecture, standardizing the investment review process, and accelerating implementation. This does not mean that commercial off-the-shelf enterprise solutions will cover all new investments;
- Develop a long-term roadmap for transitioning systems to a fully integrated digital platform that allows the Army to standardize processes and eliminate redundant legacy systems, thus reducing costs while improving the quality of actionable information needed to conduct business operations;
- Implement an information technology governance strategy that re-orient's behavior toward an enterprise view promoting transparency, collaboration, integration, and innovation.

## SECTION V – SYSTEMS MODERNIZATION AND PROCESS REENGINEERING

### *Army Approach for Implementing the Mandated Legislation*

Section 1072 of NDAA for Fiscal Year 2010, which amended 10 U.S.C. 2222, states that funds in excess of \$1 million may not be obligated for a defense business system modernization unless the CMO determines whether or not the proposed modernization complies with the DoD Enterprise Architecture for Defense Business Systems and appropriate business process reengineering efforts have been undertaken to ensure the supported business process will be as streamlined and efficient as practicable and the need to tailor commercial off-the-shelf systems has been eliminated or reduced to the maximum extent practicable. While the Army develops its approach

to the business process reengineering certification and approval process, it also intends to move from a strictly compliance focus to a holistic view that incorporates business process improvement as a key element of its business transformation strategy. Business process reengineering efforts will also leverage the commercial off-the-shelf Enterprise Resource Planning solution business process designs in order to gain the benefit of industry best practices and ensure that customizations and interfaces to the integrated management system are minimized.

*Section 1072 of the NDAA for Fiscal Year 2010 requires the appropriate CMO for the defense business system modernization in question to determine whether appropriate business process reengineering efforts have been undertaken.*

### *What Has Been Done*

#### **Army Information Technology Certification Process**

Under Section 1072 of the NDAA for Fiscal Year 2010, the DoD approval authority for the defense business system in question must certify to the Defense Business Systems Management Committee that the CMO has made the statutorily required determinations regarding business processing re-engineering before the Defense Business Systems Management Committee can approve the obligation of funds in excess of \$1 million for a defense business system modernization effort. The Assistant Secretary of the Army (Financial Management & Comptroller) and the Chief Information Officer currently review modernization requests for compliance with DoD's Business Enterprise Architecture and applicable legislation. The OBT is developing the CMO review process in anticipation of the CMO's statutory responsibilities under Section 1072.

#### **Army Lean Six Sigma Program**

The Army has been conducting business process improvement initiatives for several years. Organizations within the Army have been nationally recognized with the acclaimed Shingo Prize for organization demonstrating operationally excellent strategies and practices that achieve world-class results in business and public sector/government-owned facilities.

*One ongoing transformation initiative addresses business processes improvement within a mature theater of operations. The Army has applied Lean Six Sigma techniques to improve the redistribution of personnel and equipment from Iraq. This effort is reducing cycle times, cost, and improving decision and outcome quality.*

Senior leaders have laid out an aggressive and focused agenda on performance management in the Department of the Army. The Army adopted the Lean Six Sigma program more than five years ago to specifically help the Army overcome the unique challenges and complexities of the enterprise. In 2009, the Army submitted \$96.6 million worth of projects in response to an Office of Management and Budget data call to support President Obama's government-wide \$100 million savings goal.

The Army's Lean Six Sigma program has trained more than 1,450 senior leaders. As of the date of this report, the Lean Six Sigma community has completed nearly 5,200 projects, and more than 1,900 projects are currently in progress. Completed projects have yielded significant financial and operational benefits at organizations across the Army.

## **System of Systems System Engineering:**

The System of Systems System Engineering is a new acquisition organization that looks across the Army Materiel Enterprise to identify potential capability gaps, inefficiencies, and redundancies in material solutions. Residing within the Office of the Assistant Secretary of the Army for Acquisition, Logistics and Technology, the System of Systems System Engineering organization also develops policies and provides oversight for the implementation of those policies to ensure proper alignment of procurement activities and future Army objectives. The Army is using System of Systems System Engineering products to support its capability decisions regarding tradeoffs between connectivity across echelons, throughput, costs, program maturity, and affordability. Advancements over the next two years are expected to produce comprehensive assessments across unit formations over time and result in significant accomplishments.

## **What Needs To Be Done**

The Army's approach to business process reengineering requires multi-level process analyses tied directly to the DoD Business Enterprise Architecture's end-to-end process framework, and capable of leveraging existing commercial off-the-shelf capabilities. The Office of Business Transformation will focus on the following key activities:

- **Business Process Reengineering Reviews.** Business process reviews are required under the Clinger-Cohen Act of 1996. Efforts are underway to expand the certification process. The additional processes will not be implemented until DoD identifies what they will require and interfaces are developed.
- **Leverage Commercial off-the-Shelf Enterprise Resource Planning Solutions.** The Army's business systems architecture, founded on commercial off-the-shelf Enterprise Resource Planning (ERP) solution, provides a repository of business process designs and templates to more efficiently gather requirements. Use of the commercial off-the-shelf business process designs will also ensure that processes will be streamlined and efficient and that unique requirements and interfaces are reduced to the maximum extent practical.
- **Align and Extend Domain/Sub-segment Operational Architecture Content.** Develop composite high-level end-to-end business processes aligned to the business enterprise architecture that incorporates existing domain architecture products and the results of Lean Six Sigma efforts.
- **Promote Common Terminology.** Promulgate standards and information structures to increase understanding of content across the Army.



## SECTION VI - CONCLUSION

This report outlines the status of the Army's compliance with requirements of Section 908 of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009. It directs the CMO of each military department to submit an updated report to the congressional defense committees by March 1, 2010, on actions taken and on the actions planned to be taken to carry out an initiative for the business transformation of the military department.

Reflecting the Army's commitment to pursue and fully satisfy the requirement to carry out a business transformation initiative, the Secretary and the Chief of Staff of the Army have directed Headquarters Department of the Army focus effort to achieve calendar year 2010 objectives, one of which is to establish an integrated management system for Army business operations.

The Army's business transformation plan will clearly articulate its transformation vision, goals, strategy, portfolios, initiatives, performance measures, and targets for business transformation. It will also include the new and ongoing initiatives that will fall under the CMO's direct oversight and governance. The CMO will assign these initiatives, with specific performance goals and targets, to specific senior leaders for execution.

The Army is poised to make significant progress in developing a Business Transformation Plan that focuses the Army's most senior leadership on a single vision for business transformation. The Army will quicken the pace of business transformation planning efforts to meet congressional requirements and to realize benefits from previous and existing business process improvement and technology investments.

***VISION: The Army's generating force continuously adapts to meet the changing priorities and needs of the Total Army and the Secretary's strategic and resource guidance through effective and innovative business operations and systems that are fully integrated and at best value.***

***MISSION: Develop and manage one Army business capability - end-to-end, top-to-bottom - to achieve a fully integrated management system for the Army's business operations and to enable the Army generating force to continuously adapt to provide the most capable and ready Army within allocated resources.***

# ANNEXES

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# ANNEX A

## ANNEX A - GOVERNMENT ACCOUNTABILITY OFFICE (GAO) ANALYSIS OF DOD BUSINESS OPERATIONS

### **GAO High-Risk Areas**

Every two years, GAO provides Congress with an update on its High-Risk Program, which highlights major problems that represent high-risk for waste, fraud, abuse mismanagement or in need of broad reform. As of November 2009, there are 31 areas on GAO's High-Risk list. Eight of the 31 high-risk areas concern weaknesses in DoD.

GAO's recommendations to address these high-risk areas and major challenges could lead to billions of dollars in savings for the federal government, dramatically improve service to the public, and strengthen confidence in the performance and accountability of the U.S. government at home and abroad.

### **Defense-Specific "High-Risk" Areas of Business Operations and Year First Identified by GAO**

1. Approach to business transformation (since 2005)
2. Personnel security clearance program (since 2005)
3. Support infrastructure management (since 1997)
4. Business systems modernizations (since 1995)
5. Financial management (since 1995)
6. Contract management (since 1992)
7. Supply-chain management (since 1990)
8. Weapons systems acquisition (since 1990)

The following paragraphs summarize the more recent (since 2005) reports, testimony, and high-risk series updates as they relate to the eight High-Risk Areas list above. They also highlight continuing areas of concern for DoD and the Army.

#### **1. Approach to business transformation (since 2005)**

This area is considered a high-risk because DoD's business improvement efforts and control over resources were fragmented and the DoD lacked an integrated and enterprise-wide transformation plan and investment strategy. Further, the DoD did not designate senior leaders to be responsible and accountable for business transformation.

#### **2. Personnel security clearance program (since 1997)**

There are no recent GAO findings in this high-risk area pertaining to the Army. The findings apply to DoD.

*The Army recognizes the previous work by the GAO identifying "High-Risk" areas that must be addressed and rectified. This appendix provides an overview of high-risk areas that highlight longstanding DoD weaknesses in its business operations as identified by the GAO. The Army acknowledges that these weaknesses are prime areas for transformation and will seek to remedy them through the Business Transformation Plan.*

### 3. Support infrastructure management (since 1997)

This area is considered high-risk because of the high cost of managing and maintaining infrastructure, costs that when efficiently managed can produce savings that can be used in other priority mission areas.

GAO recognizes some improvements but not on par with the associated reduction of forces, even though five Base Realignment and Closure actions have been implemented since the initiation of force realignment.

GAO specifically cites continuing funding shortfalls, lack of common terminology and standards for defining services across base support functions, and lack of a mature and analytical process for requirements determination as specific weaknesses.

### 4. Business systems modernizations (since 1995)

In 2005, GAO designated DoD business systems modernization as a high-risk program. The report identifies the requirement for enterprise architecture as an authoritative frame of reference, or blueprint, for systems investment decisions. The 2009 National Defense Authorization requires the military departments to develop a well-defined enterprise-wide business systems architecture and transition plan encompassing end-to-end business processes capable of providing accurate and timely information in support of the business operations of the department and implement a business transformation plan business systems architecture and transition plan to guide and improve business operations. Deficiencies identified included:

- Inadequate resources exist for development of enterprise architecture;
- No identified committee or group has specific responsible for directing, overseeing, and approving enterprise architecture;
- No program office established or assigned the responsibility for prioritizing, planning, analyzing and developing, implementing, and monitoring the evolution of the Army Enterprise Architecture;
- Although Army enterprise architecture is being developed using a framework and automated tool, a proven methodology was not identified to ensure success and effectiveness, and;
- General Fund Enterprise Business Systems, Global Combat Support System-Army, and Logistics Management Program are not being developed in the context of well-defined Army-wide enterprise architecture, nor does the Army have a concept of operations describing at a high level how these systems relate to each other and how information flows between and through them.

### 5. Financial management (since 1995)

This area was first designated as a high-risk area in 1995, the Department continues to take positive steps in this area but steps which have met with limited success. Areas of weakness extend for overall financial management and results oriented performance management to tactical financial management of military pay and benefits.

GAO also identified weaknesses in the inability to determine accurate charges and expenses by appropriation, which result in unreliable accounting records. Environmental programming and budgeting was another area of weakness, specifically in the area of proper identification and full characterization of contamination so that full cost of restoration/remediation can be determined.



## 6. Contract Management (since 1992)

Contract Management was first designated a “High Risk” area by GAO in 1992. Despite almost two decades of contract improvement plans, GAO continues to designate DoD contract management a high-risk area. GAO’s High Risk Update report in 2006 found vulnerabilities to fraud, waste and abuse including continuing weaknesses in (1) sustained senior leadership, (2) capable acquisition workforce, (3) adequate pricing, (4) appropriate contract approaches/techniques, and (5) sufficient surveillance. They also concluded DoD was not positioned to determine whether services acquisitions were achieving desired outcomes. By 2009 the GAO acknowledged numerous efforts underway to address these problems (e.g., Independent Management Reviews), but noted “the efforts are relatively new” and concluded that DoD continued to face challenges in employing sound business arrangements, over-reliance on contractor support, over-use of risky contract types, and a workforce lacking essential skills and capabilities.

## 7. Supply-chain management (since 1990)

GAO reported in 2007 that DoD continued to demonstrate weaknesses in supply chain management from the national to the tactical level. The lack of continued visibility of assets, the inability to accurately value assets, the inability to account for assets in transit all continue to plague the DoD. These weaknesses specifically impact the readiness of units preparing to deploy in support of Operations Iraqi Freedom and Noble Eagle as well as significantly impact the sustained readiness of deployed and engaged units.

As with other areas, DoD has focused efforts on improving supply chain visibility and management, relying on systems and technologies that take several years to implement. At the same time, GAO has identified that DoD does not have a results oriented performance management capability to determine the effectiveness or efficiency of improvements (As previously identified, this is not unique to supply chain but is pervasive across the high-risk areas.)

## 8. Weapons systems acquisition (since 1990)

DoD has been involved in efforts to improve weapon system acquisition and contracting in general for several years. Continuing rising costs of research, development, and procurement, the inability to accurately predict system costs and sustainment, and the continuing cost overruns and increasing time to field all impact the Combatant Commanders ability to project combat power and sustain that power on the battlefield.

GAO has identified this area as high-risk because each dollar not programmed but allocated to the weapon system means that dollars are not available for either another weapon system acquisition or for other required procurement or sustainment efforts. GAO also expressed concern at the continuing approach to incorporating less than mature technologies in acquisitions which are not predictable in terms of reliability, time to market, and sustainment. DoD has recognized these shortcomings and is addressing them in a series of improvement efforts some of which are statutory in nature.

# **ANNEX B**

## ANNEX B - ONGOING TRANSFORMATION EFFORTS

Before the NDAA for Fiscal Year 2009, the Army was working with DoD in its Department-wide business transformation effort. The Army's ongoing work in this area aligns with the DoD core business mission areas and begins to address GAO-identified high-risk areas. Additional Army initiatives have focused on developing an enterprise management construct, fully deploying the Army's continuous process improvement program, and improving business architecture and information technology.

### *Alignment with DoD Core Business Mission Areas*

The Army's business portfolio reviews and activities correspond with DoD's Core Business Mission areas of human resources, weapons systems lifecycle management, materiel supply and service management, real property and installation lifecycle management, and financial management. A summary of current activities aligned with DoD CBMs follows.

**Human Resources Management:** Army efforts in this area have focused on overcoming a GAO identified high-risk area in our approach to business transformation. As previously mentioned, leader education is a critical step in ensuring successful business transformation. The following programs are designed to strengthen leader development and will directly mitigate this high-risk area.

- *The Army Learning Management System:* The Army Learning Management System is a Web-based information system that delivers training to Soldiers, manages training information, and provides training collaboration, scheduling, and career planning capabilities in both resident and non-resident training environments. This system is a subset of the Army Distributed Learning System, which supports a common Army information technology infrastructure for delivery of distributed learning content and automated management of training in support of individual, group and collective task training. It provides greater stability for Soldier families by enabling more home station training capability, increases readiness and provides flexibility to take required training in a just-in-time mode – anywhere, anytime. It reduces the cost to the Army per trained Soldier by reducing expenses involved in residence training.
- *Army Civilian Workforce Transformation:* A key element of the Army's overarching Human Capital Strategy is the design of recruitment, training, education and career assignment strategies to transform its 300,000 person civilian workforce. This includes the creation of civilian workforce initiatives and supporting resources necessary to (1) continuously assess the ability of civilian workforce programs to meet joint and combatant command needs; (2) close significant workforce capability gaps; and (3) deliberately develop civilians throughout key phases of their career.

*The Army Learning Management System assists the Army in streamlining, consolidating, and standardizing the training process by providing one-stop shopping for Soldiers, Army civilian employees and commanders to access training catalogs, registration, execution and completion histories for the entire Army workforce.*



- *The Integrated Personnel and Pay System Army (IPPS-A)*: will be a web-based, integrated personnel and pay system for all components of the Army (Active, National Guard, and Reserve) designed to support peacetime and wartime readiness requirements. The functional proponent within the Active, Reserve, and National Guard will be fully integrated in all project life cycle phases to facilitate the creation of a true integrated and comprehensive authoritative data record for every Soldier, eliminating today's disparate personnel and payroll files. Development and implementation of the IPPS-A will include deployment of an information technology solution, as well as implementation of changes in how the Army will conduct personnel and pay business. The Army personnel and pay system design will include the capability for rapid implementation of system changes to support requirements including legislative and policy changes. IPPS-A will leverage the developed Defense Integrated Military Human Resources System (DIMHRS) Core Information Technology Investment (CII) to the maximum extent possible. The IPPS-A will improve the Army's capability to support the Army personnel throughout the entire Army personnel lifecycle.

***Enterprise Excellence (EE) was built around a Baldrige framework, which integrates best practices such as Quality Management, Voice of the Customer, and Lean Six Sigma.***

**Weapons Systems Lifecycle Management:** Army efforts in this area have focused on overcoming a GAO identified high-risk area in our approach to weapon system acquisition.

- *US Army Armament Research, Development and Engineering Center*: The US Army Armament Research, Development and Engineering Center (ARDEC) is the internationally acknowledged hub for the advancement of armaments technology and engineering innovation. ARDEC has transformed itself into a world-class organization using business process reengineering and continuous process improvement principles. ARDEC created a Knowledge Management Office to manage the enterprise portfolio of information technology systems which focused on applying a System Realignment and Closure (SRAC) process to transition to an enterprise architecture powered by a commercial off-the-shelf Enterprise Resource Planning system. All employees understand and use enterprise tools and methodologies provided in the Enterprise Excellence framework. It is the way ARDEC thinks and does business. ARDEC delivers services to customers using a team-based approach. The team includes customer representatives, ARDEC employees, military program managers, and defense industry partners. ARDEC has a customer-focused, team-based culture that fosters innovation through integrated, best-in-class portfolio investments, efficient work system processes and best practices. The Voice of the Customer is a vital part of Enterprise Excellence, and is used in processes such as Information Technology Portfolio Management, new hire orientation, Lean Six Sigma and ARDEC Project Officer training, and it is a core requirement of Systems Engineering Process.

**Materiel Supply and Services Management:** Army efforts in this area have focused on overcoming a GAO identified high-risk area in our approach to supply chain management.

- *Logistics Modernization Program*: The Logistics Modernization Plan began as a plan to modernize Army supply chain management using Enterprise Resource Planning, and

evolved into one of the largest fully integrated supply chain and maintenance, repair, and overhaul solutions in the world. Today, the Logistics Modernization Plan manages \$4.5 billion worth of inventory, processes transactions with 50,000 vendors, and integrates with more than 70 DoD systems. The Logistics Modernization Plan was initially deployed in 2003 to 4,000 users, and in 2009, to an additional 6,000 users. This most recent deployment added the U.S. Army Aviation and Missile Life Cycle Management Command at Corpus Christi Army Depot and Letterkenny Army Depot, as well as users at Army Materiel Command's National Maintenance Program activities worldwide.

- *Global Combat Support System-Army:* GCSS-Army completed its first operational assessment, and has realized significant tactical supply benefits, such as inventory reduction. The Logistics Modernization Plan has been fielded to over 10,000 users at AMC's National Maintenance Program, Letterkenny Army Depot and the U.S. Army Aviation and Missile Life Cycle Command at Corpus Christi Army Depot.

**Real Property and Installation Lifecycle Management:** Army efforts in this area have focused on overcoming a GAO identified high-risk area in our approach to support infrastructure management.

- *Area Processing Center Consolidation:* The Army has established Area Processing Centers in Germany supporting both classified and unclassified networks augmenting the Continental United States (CONUS) Area Processing Centers in Columbus, Ohio and Oklahoma City. The focus is on the continued migration of installation network functions to the enterprise, realigning additional CONUS network activities and functions from installations to the Army enterprise including the Army Corps of Engineers, Army Medical Command and Army Materiel Command by leveraging, using Base Realignment and Closure moves as the impetus for network consolidation and transformation.
- *Installations & Environment (I&E) and Installations Management Command (IMCOM) Data Stewards:* In support of the Secretary of the Army's mandate to ensure data is managed as a strategic resource and available to decision makers across the spectrum of operational posture, I&E and IMCOM have appointed Data Stewards to better collaborate towards a net-centric real property, installation and sustainability capability.
- *Consolidated Enterprise Environmental Management and Reporting Capability:* Installations and Environment integrated the Headquarters Army Environmental System (HQAES) and Installation Environmental Management Information System (IEMIS) into a single net centric environmental reporting capability.
- *The Army Senior Sustainability Official:* In support of Executive Order 13514 (Federal Leadership in Environmental, Energy and Economic Performance) the Army appointed the Under Secretary of the Army to be the Senior Sustainability Official. Additionally, the Assistant Secretary of the Army (Installations & Environment), has primary responsibility for supporting the Army Senior Sustainability Official, and collaborates with DoD, Army G-4 and other stakeholders to establish the Army's Sustainability Strategic Plan.
- *Lead Agency for Enterprise Environmental, Safety & Occupational Health:* The Army, as the lead agency for DoD Environment Information Technology Management, is collaborating with Army, Services, DoD and interagency stakeholders to achieve innovative data management solutions for the Department.

**Financial Management:** Army efforts in this area have focused on overcoming GAO identified high-risk areas in our approach to financial management and contract management.

- *General Fund Enterprise Business System (GFEBS):* The General Fund Enterprise Business System successfully completed wave-1 fielding in April 2009, with wave-2 fielding on schedule for April 2010. Sites fielded include installation, major command, Department of the Army, and Defense Finance and Accounting (DFAS) users. System development complies with the Department's Standard Financial Information Structure (SFIS) and Business enterprise architecture (BEA) criteria. The current schedule anticipates full fielding to all components by January 2012. The General Fund Enterprise Business System integrates the Army's financial, cost, and asset management functions in a single, web-based commercial software package.
- *Army Contracting:* Nearly three years after the Gansler Commission report, the Army continues to implement procurement reforms and procurement transformation. As part of this continuing transformation effort, the Deputy Assistant Secretary of the Army for Procurement (DASAP) is reviewing and analyzing the Army's procurement processes, practices, organizations, training and personnel make Army contracting respond better to persistent, worldwide contingencies and surges in demand, with greater accountability and transparency. A key element of this effort is the establishment of Army Contracting Command and the formation of the Expeditionary Contracting Command, the latter of which provides command, control and oversight to deploying contingency contracting teams worldwide. Another key element is the DASAP's establishment of the Operational Contracting Support and Policy Directorate in December 2009, to facilitate the communication and oversight between the Secretariat and field commanders in matters of wartime contracting and contingency policy and support. Also, the Office of the DASAP continues its interaction and support to the Commission on Wartime Contracting. The Commission has provided feedback to the Army during its review of contracting policy and practices. Also, the DASAP continues the aggressive oversight function of contracting activities through the use of Procurement Management Reviews. These reviews allow the Army to evaluate the health and soundness of field-level contract management and processes at every phase of the acquisition cycle. During the last two years, the DASAP has conducted 31 reviews. In fiscal year 2010, the DASAP has conducted 5 of 14 planned/scheduled Procurement Management Reviews. Lastly, the Army has continued its development and assignment of general officers to the procurement function.

## Army Initiatives

We are almost complete in transforming our Cold War warfighting organizations to more versatile modular organizations better suited to the challenges of the 21st Century. However, our institutional systems—those used to generate the trained and ready forces for our Combatant Commanders—were designed to support a pre-September 11, 2001 Army that deployed for small and/or short duration missions. In response to this profound change, we have established a rotational readiness model designed to effectively and efficiently generate trained and ready forces for Combatant Commanders at sustainable rotational levels for our forces. Now, through the Army's business transformation initiatives, we must align our generating force and our business operations to support the agility and versatility of our operating force. The first step towards addressing this profound change and the mandate to improve business operations is the development of the Army's Business Transformation Plan and establishment of the OBT.



For the Army, our primary outcome is to deliver trained and ready forces (capabilities) to our customer, the Combatant Commands. This is being achieved through our core mission process of Army Force Generation around which the enterprise governance model is organized upon which all senior leaders and their subordinates are focused. The Army will create transformation goals and initiatives to accomplish this outcome as well as other strategic priorities and use metrics to gauge our success (e.g., ARFORGEN metrics include home station dwell time, percent deployable forces delivered on time, return on investment, etc.).

One of the Army's most important successes is the noticeable change occurring in a mindset and culture—shifting the focus from inputs mission-oriented outputs and outcomes; from stovepipes and sub-optimal behaviors to cross functional teams and “best for the Army” thinking; from authority expressed through command and control to problem solving and innovation through collaboration and cooperation; and from resourced unconstrained thinking to cost consciousness and value-driven behaviors. To continue the transformation, the Army has initiatives underway to improve strategic management, and architecture and information technology improvements.

## ***Enterprise Management***

Strategic management of the Army's business operations includes: the enterprise governance model; strategic alignment and performance management; and continuous process improvement through Lean Six Sigma; changing from a budget culture to an investment culture; and education.

- ***Army's Enterprise Governance Model:*** In pursuit of embedding an enterprise mindset, the Army established advisory bodies to facilitate internal alignment, integration, and collaboration by convening military and civilian leaders so they could connect and collaborate on critical Army issues. Six advisory bodies are envisioned to bring together leaders in their respective areas of expertise to solve problems and advise the Secretary of the Army. Together, these forums are creating internal alignment—vertically by convening uniform and civilian leaders and horizontally by including leaders from Headquarters, Department of the Army and the field—and the innovation that comes from collaborating across organizational boundaries:
  - The **Army Enterprise Board (AEB)** is the Department's most senior forum that advises the Secretary of the Army and the CMO on the most complex, far reaching, and strategic issues facing the Army.
  - The **Army Management Enterprise (AME)** is the advisory council that links the Secretariat, the Army Staff, Army Service Component Commands, Army Commands and Direct Reporting Units. It provides horizontal integration across functional areas and the Army's lifecycle processes to provide a cross-cutting, enterprise-wide point of view to the Army's senior leadership. It is principally concerned with business operations. It provides an opportunity for senior leaders to work toward integrating efforts, recognizing the potential unintended outcomes of initiatives proposed with functional arenas, and reaches out to the Army's Voice of the Customer – the Army Service Component Commands, which are tied directly to the warfighter. The AME is responsible for integrating input from the Core Enterprises to ensure the planning, organizing, directing, and controlling of the Army business operations.

- Four **Core Enterprises (CEs)** are functionally aligned advisory councils in the areas of Human Capital, Materiel, Readiness, and Services and Infrastructure which convene to solve problems and advise the Secretary on issues within their functional domains. The Core Enterprise forums provide an opportunity for senior leaders within these functional areas to come together with a common purpose and work toward aligning priorities, integrating efforts, and synchronizing activities with particular focus on meeting the force generation demands of the Combatant Commanders through the Army's core mission process of ARFORGEN.

*Efforts during the last 18 months have focused on developing an enterprise-level organizational performance-based, outcome-focused "assessment architecture."*

- *Strategic Alignment and Enterprise Performance Management:* The Army's generating force needs an integrated (cross-functional) assessment capability, comparable to the operating force, which influences strategy, reallocates limited resources, communicates progress to Congress, and senses emerging trends affecting achievement of Army organizational outcomes. The Army is focusing on providing holistic performance-related information for senior leaders to support strategic decisions and communications with external stakeholders. The enterprise management construct vertically aligns goals from external stakeholders – such as the DoD priorities described in the Strategic Management Plan – to Army level outcomes, and identifies cross-cutting performance drivers that allow decision makers to understand the relationship between activities and investments and their effects on performance goals and outcomes. It has an initial set of strategy maps and logic models (or drivers) that frame leaders' discussions, focusing our transformation activities on outcomes (ends) and how well objectives (ways) and resources (means) perform toward these ends. These models provide an integrated capability to focus on key levers and metrics that inform outcome success. Additionally, the Army is developing performance measures, identifying required changes to build effective information and data architectures (tying business information needed to support force generation), and organizing analytical capabilities (including the Directorate of Business Assessment in the Office of Business Transformation) and the broad analytical agenda to support strategic information and assessment needs. This work will provide the Army a platform to rapidly progress in aligning enterprise metrics and providing information to decision makers.
- *Lean Six Sigma, Investment Culture, and Business Education:* The Army has an award-winning, world-class Lean Six Sigma program that it applies as a core capability in its business transformation. The Army is reviewing core business processes to better support its forces, to reduce waste and to improve quality. The ultimate goal is to free human and financial resources for more compelling operational needs. In fiscal year 2011 the Army is proposing to train over 3,100 people; and anticipates completing over 3,000 Lean Six Sigma projects. Additionally, the Army is establishing a cost and performance culture in which leaders better understand the full cost of the capabilities they provide and incorporate cost considerations in their planning and decision-making processes. This approach will enable the Army to more efficiently achieve its readiness and performance objectives. To support this effort, the Army is embarking on aggressive plans to provide new top-notch education and training programs for flag officers and senior civilians to give them the business acumen necessary to lead the Army enterprise.

## *Architecture and Information Technology Improvements*

Improvements in this area address GAO high-risk areas on the approach to business transformation and business systems modernization.

- *Army Force Generation (ARFORGEN) Business Architecture and Operating Model:* The Army is developing business architecture to provide visibility to all the disparate business processes that support ARFORGEN as well as to enable integration of the underlying information systems. The ARFORGEN Business Architecture will use the "Operational and systems architecture for Army Business Operations" as a source to identify information exchanges, processes and systems that need to be synchronized to support and streamline the ARFORGEN process. This architecture will be mission output focused and, thus, will be the central element of the Army's architecture efforts.
- *Operational and Systems Architecture for Army Business Operations:* Due to its mission focus, the Army will leverage the ARFORGEN Business Architecture and Operating Model and integrate architectures on which the Army has been collaborating with the DoD Business Transformation Agency, as well as Army domain and core enterprise architects, to develop an operational and system architecture for Army business operations that incorporates end-to-end processes and complies with the Business Transformation Agency's Business Enterprise Architecture. This approach will leverage existing system and domain architectures and development efforts to tie operational Army activities closely to generating force activities.
- *Network Architecture:* In January 2010, the Army developed its initial "to be" network architecture to guide information technology investments and synchronize modernization of network capabilities and services by establishing the "as is" and "to be" network architecture baseline. Continued focus is on maturing the Enterprise Information Architecture to guide information technology investments for Program Budget Review 13-17.
- *Data Strategy and Standards:* The Army's Net-Centric Data Strategy is a strategic approach for improving visibility, accessibility, understandability, and trust of data and services across the Army. This transition may be one of the most difficult information technology transformation activities the Army and DoD has ever attempted. The success of the Army's Net-Centric Data Strategy is the key to an agile, Net-Centric Army enterprise and aligns Army Data Transformation concepts and implementation with the DoD-mandated data strategy to achieve net-centric operations and ensure interoperability across the joint services. The Army's Net-Centric Data Strategy supports the core network transformation objectives to enable Army interoperability and collaboration with mission partners. Achievements to date include:
  - Initial development of the Army Data Framework, providing a set of enterprise architecture guidance documents for consistent approaches and implementation of data-sharing capabilities.

***The Army's Net-Centric Data Strategy positions the Army to better support operating force and generating force domains in today's dynamic, data-rich environment.***



- Piloted Data Framework concepts and Army Data Service Layer specifications in support of the Executive Support System to the Army Enterprise Board, including collaboration and senior leader decision making, and supporting the Army Suicide Prevention Task Force.
- Established an Army Chief Data Officer and Data Stewards, governing adjudication of data issues across the Army, developing data sharing-related policies and executing an enterprise approach.
- Developed an Army Authoritative Data Source Registry and governance process, laying the foundation for a centralized registry for cataloging authoritative , descriptive metadata about authoritative sources, ensuring users can trust that the Authoritative Data Source is institutionally recognized as being authoritative.
- Developed version one of the Army Data Transformation Plan, providing a coordinated road map for the Chief Data Officer and Data Stewards to manage the implementation and migration towards data net-centricity.
- Appointed the Army Chief Data Quality Officer to oversee the development and implementation of a data-quality program across the Army.
- Implemented the Army Data Management practices assessments to establish a baseline assessment of the Army's Data Management practices, strengths and weakness across the enterprise.
- Maturing the Army data governance, managerial and technical infrastructure to ensure successful migration to net-centric operations. Specific activities include:
  - Institutionalizing Authoritative Data Sources for consistency and trust across the enterprise. The Army Data Quality Program will be instituted to ensure that the Authoritative Data Sources have high-quality data, adding to the trust by the user community.
  - Maturing the Army Data Framework and Army Data Service Layer specifications and integrate in the Army Enterprise Architecture
  - Monitoring and measuring data management practices and implementation success through the use of Data Management Practice Assessments and appropriate metrics associated with measuring net-centric implementation.
- *Enterprise Resource Planning (ERP) Integration Task Force:* The Army continues implementing commercial off-the-shelf ERP software suite to modernize, streamline and standardize processes used to manage: people, money, programs, equipment and supplies. To gain better integration and oversight of large business systems, the Army established the ERP Integration Task force to better integrate existing and programmed ERP systems and institutionalize capability-based portfolio reviews. Initial benefits that have been begun to be realized include: reducing the cost of operating legacy systems, financial compliance and improved controls, inventory reduction, enhanced data quality and streamlining business processes by reducing the number of interfaces.
- *Implement the Global Network Enterprise Construct:* The strategic concept to transformation for the Army's portion of the Global Information Grid known as LandWarNet. The Global Network Enterprise Construct is the Army's strategy to fill the gaps as we build the network to support a balanced and modernized Army for the 21st



Century that is versatile, expeditionary, agile, lethal, sustainable, and interoperable. Core objectives of this initiative are to operationalize the network, improve security, become more effective and efficient, and improve service and agency partners' interoperability. Transforming LandWarNet from a conglomeration of stove-piped networks to an Army enterprise network and improving cyber defensive effectiveness are inextricably linked. The desired result is that the Army will conduct business and fight on a single, agile, secure, and trusted network capable of supporting an expeditionary Army in all phases of operations.

- *Enterprise Network Management for CONUS Theater:* Activated the 7th Signal Command (Theater) as the single enterprise network manager for the CONUS Theater, and assumed command and control of all installation Network Enterprise Centers (formerly known as Directorate of Information Management). Network Enterprise Centers on CONUS Army installations are realigning under this newly formed Army Signal Command comprised of two brigades located in east and west regions. Network Enterprise Centers ensures that enterprise services (e.g., email, user storage, office automation, collaboration, information assurance, etc.) are implemented and managed in accordance with current policy, procedural guidance and management procedures. Consolidating and managing installation common-user IT services at enterprise Area Processing Centers will reduce costs and enhance the Army's ability to secure its networks.
- *End-to-End C4IT End-to-End Command, control, communications and computers for information technology (C4IT) Army Business Process:* Develop an end-to-end enterprise Army business process that describes how we build and deploy network capabilities and establishes synchronized, effective, and efficient processes for requirements development, acquisition, technology insertion, testing/certification and deployment. The Army's end-to-end C4IT enterprise business process will be synchronized and aligned with DoD's implementation of the 2009 NDAA, Section 804, a mandate to develop a new information technology acquisition process. This end-to-end C4IT business process will consider the major DoD decision processes (Joint Capability Integrated Development), Defense Acquisition System, and the Planning, Programming Budgeting and Execution with the objective to keep pace with technology, preventing technical obsolescence in the network, and in consideration of the Acquisition Reform Act 2009 objectives, to establish an accountable cost culture and improve efficiencies and effectiveness.

***Elimination of common-user IT services for individual organizations not only decreases network vulnerabilities, but also decreases manning requirements and subsequently, the Army's total cost of ownership for IT.***

# ANNEX C

## ANNEX C – LONG-TERM CMO SCHEDULE

The following schedule complements our near-term schedule (figure 4) to build the Army's Business Transformation Plan (BTP). The schedule reflects legislative requirements for an annual business transformation update to Congress; internal deadlines for Business Transformation Plan development and refresh; significant OSD requirements, major milestone decisions for business systems; and ongoing monthly and quarterly CMO review and decision-making sessions.

|                  |   |
|------------------|---|
| <b>Mar 2010</b>  | Submit Business Transformation Plan and Business Systems Architecture and Transition Plan update report to Congress (Sec. 908, NDAA 2009) |
| <b>Sep 2010</b>  | Complete initial Army Business Transformation Plan - BTP 2010   |
| <b>Sep 2010</b>  | Army update to DoD Enterprise Transition Plan – ETP 2010  |
| <b>Mar 2011</b>  | Submit Business Transformation Plan and Business Systems Architecture and Transition Plan update report to Congress (Sec. 908, NDAA 2009) |
| <b>Sep 2011</b>  | Refresh Army Business Transformation Plan – BTP 2011  |
| <b>Sept 2011</b> | Army update to the DoD Enterprise Transition Plan - ETP 2011  |
| <b>Ongoing</b>   | Monthly and quarterly CMO business transformation review and governance sessions  |

### Select ERP Major Milestone Decisions:

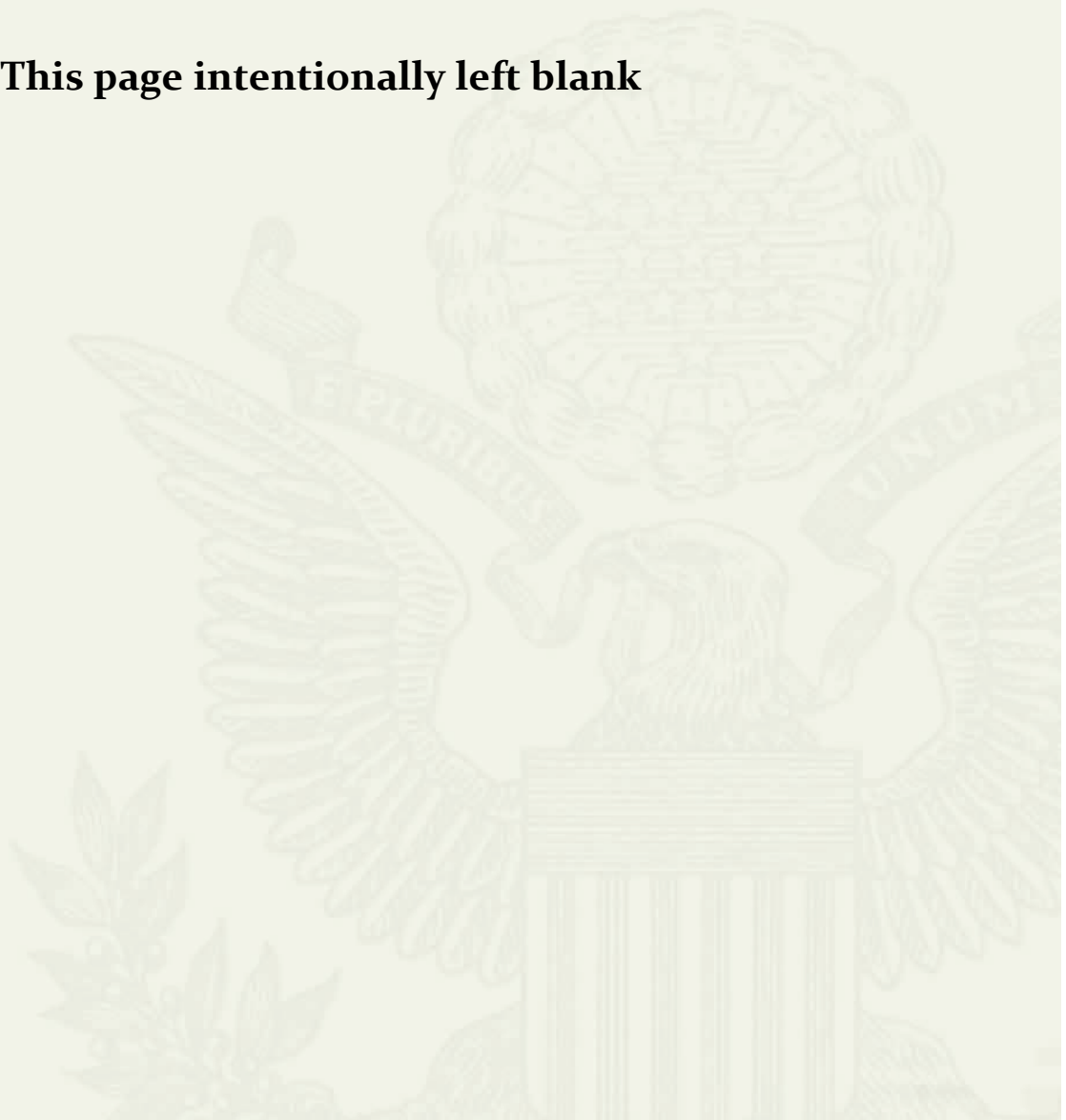
|                 |   |
|-----------------|---|
| <b>Mar 2011</b> | Logistics Modernization Program (LMP) - Full Operating Capability       |
| <b>Nov 2010</b> | Global Combat Support System – Army (GCSS-A) - Full Deployment Decision |
| <b>Jan 2012</b> | General Fund Enterprise Business System (GFEBS) - Full Deployment       |

# ANNEX D





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**ANNEX D**  
**APPENDIX 1**



SECRETARY OF THE ARMY  
WASHINGTON

09 APR 2009

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Establishment of the Army Office of Business Transformation

1. In accordance with § 908(c)(1) of the National Defense Authorization Act for Fiscal Year 2009 (NDAA 2009), and pursuant to 10 U.S.C. § 3014(b)(8), I hereby establish an Office of Business Transformation (OBT) within the Office of the Secretary of the Army. The OBT shall assist the Army's Chief Management Officer (CMO) in carrying out the business transformation initiative mandated by NDAA 2009, § 908(a).
2. The head of the OBT shall be the Army's Director of Business Transformation, who shall report directly to the CMO, subject to policy guidance from the Department of Defense Business Transformation Agency (DoD BTA). The CMO, in consultation with the DoD BTA, shall appoint the Director of Business Transformation from among individuals with significant experience in managing large-scale organizations or business transformation efforts.
3. The exact scope of the missions, functions, and powers of the OBT and the Director of Business Transformation; the structure of the OBT; and the method for staffing the OBT shall be established in the near future.

Pete Geren

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U.S. Army Installation Management Command  
Superintendent, U.S. Military Academy  
Director, U.S. Army Acquisition Support Center



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# **ANNEX D**

## **APPENDIX 2**



## SECRETARY OF THE ARMY

WASHINGTON  
JUL 14 2009

The Honorable Daniel K. Inouye  
Chairman  
Subcommittee on Defense  
Committee on Appropriations  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

This report documents the actions that the Department of the Army has taken, and plans to take, to implement the requirements of the Duncan Hunter National Defense Authorization Act for Fiscal Year 2009, Section 908, Business Transformation Initiatives for the Military Departments. Bearing in mind that the Army is in a period of transition between Administrations, and that the position of Under Secretary of the Army/Chief Management Officer (CMO) is presently vacant, I have taken only those actions I believed necessary to initiate the implementation of Section 908. My intent in this regard was to enable future action by an incoming Secretary of the Army and CMO on those aspects of Section 908 implementation that would affect the Army significantly and in the longer term. Specifically, I have deliberately deferred to the new Secretary and CMO any final decisions as to the structure and mission of the Office of Business Transformation (OBT) so as to ensure that the OBT's efforts align fully with the vision and objectives of the new Administration.

The actions I have taken include:

- Establishing the OBT.
- In the absence of an Under Secretary of the Army, appointing a Deputy Chief Management Officer to supervise ongoing CMO-related matters, to include representing the Army in meetings and briefings both inside and outside the Army, until otherwise directed by the next Secretary.
- Appointing a Special Assistant to provide me with a comprehensive report detailing options and recommendations on the roles, responsibilities, and organization of the CMO and OBT for presentation to the next Secretary of the Army.
- Reviewing and approving for submission to the next Secretary of the Army and CMO the report submitted by the Special Assistant. This report examines the roles, responsibilities, and organization of the CMO, OBT, and other related

-2-

offices; details numerous options for implementing and structuring these organizations; and offers cogent, far-reaching recommendations.

I would expect that subsequent to their confirmation and appointment, a new Secretary of the Army and CMO would focus on:

- Selecting and appointing as the head of the OBT a Director of Business Transformation with significant experience in managing large scale organizations or business transformation efforts.
- Reviewing and assimilating the Special Assistant's report, discussed above, and developing and implementing the roles, responsibilities, and organization of the CMO, OBT, and other related offices, both to meet statutory mandates and to gain the most benefit for the Army.
- Resourcing the CMO, OBT, and other related offices.
- Overseeing the development and implementation of the Department of the Army's business transformation initiative.

Business transformation has long been a priority within the Department of the Army. The Army is an enormous and complex enterprise that has been operating at an extraordinarily high pace for nearly eight years; the Army's business operations are inextricably linked to its warfighting mission. While much remains to be done, I believe the designation of the Under Secretary of the Army as the Department's CMO and the establishment of the OBT will provide the Army with powerful means through which to take the actions necessary to continue the transformation of its business operations. It is my intent to discuss this matter with the incoming leadership team, to provide them the Special Assistant's report, and to convey for their consideration my thoughts and recommendations on these important matters. I am confident that the Army, the Congress, and the American people will derive significant benefit from the initiatives envisioned by Section 908.

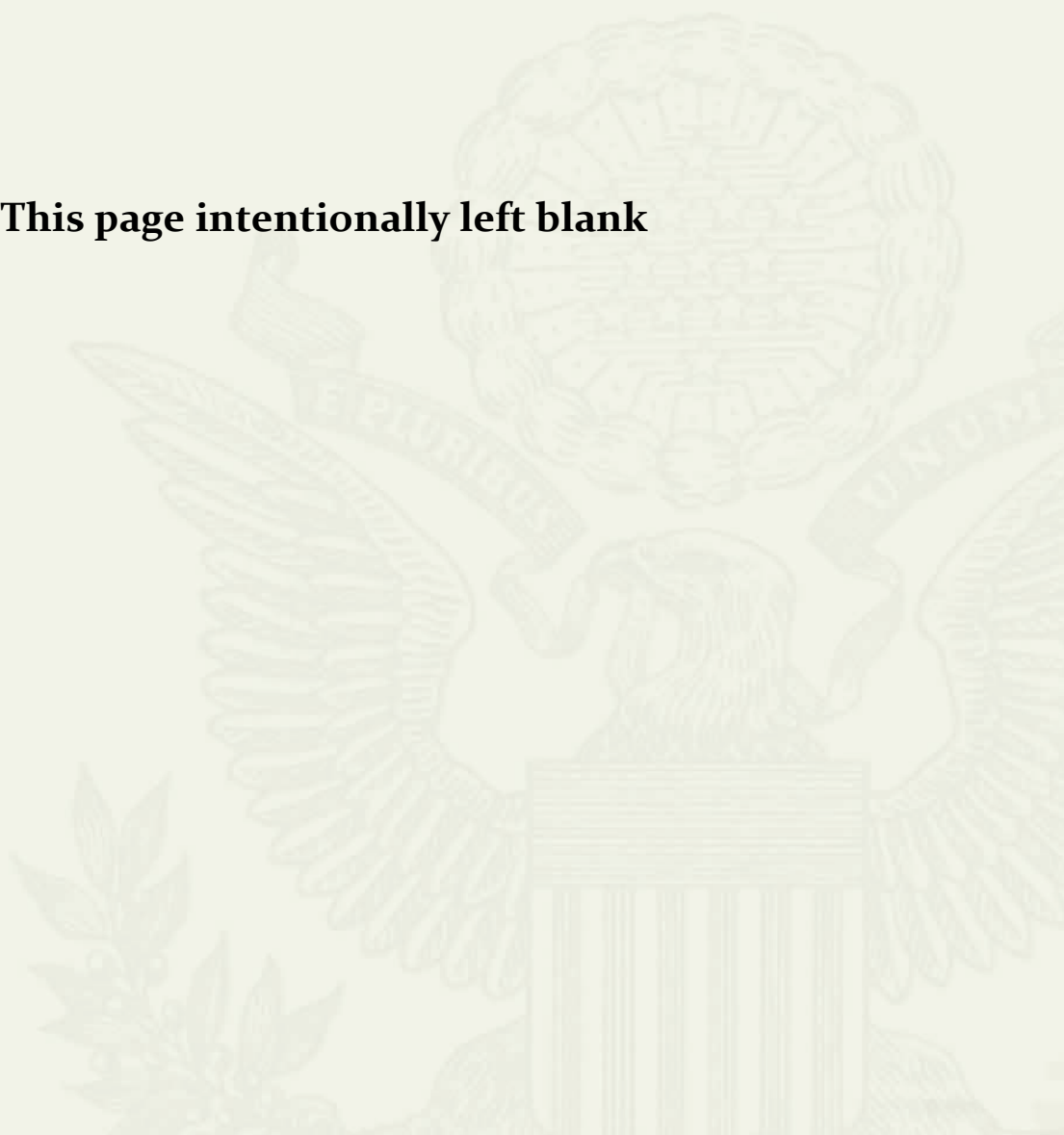
Sincerely,



Pete Geren



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# **ANNEX D**

## **APPENDIX 3**

GO 2010-01

GENERAL ORDERS

NO. 2010-01

}

HEADQUARTERS  
DEPARTMENT OF THE ARMY  
WASHINGTON, DC, 5 February 2010

## ESTABLISHMENT OF THE OFFICE OF BUSINESS TRANSFORMATION

1. This general order confirms the establishment of the Office of Business Transformation (UIC: W00EAA) on 9 April 2009.
2. Effective 1 February 2010, all functions, personnel, equipment, and resources of the Enterprise Task Force (UIC: W6APAA), the Office of Institutional Army Adaptation (UIC: W0Z2AA), and the Business Mission Area (UIC: W00FAA) are consolidated and realigned as the Office of Business Transformation (OBT). The OBT is an Army Secretariat activity within the Office of the Secretary of the Army, Headquarters, Department of the Army, under the authority, direction, and control of the Secretary of the Army (Secretary), and reporting directly to the Under Secretary of the Army, in his role as the Army's Chief Management Officer (CMO).
3. The CMO serves as the senior advisor to the Secretary on all Army business transformation matters. Subject to such limitations and requirements as the Secretary shall impose, the CMO is assigned the duties and authorities necessary to effectively and efficiently organize the Army's business operations and to carry out initiatives approved by the Secretary for the business transformation of the Army. At a minimum, the CMO shall submit the following initiatives to the Secretary for approval:
  - a. a comprehensive business transformation plan, with measurable performance goals and objectives, to achieve an integrated management system for the business operations of the Army;
  - b. an enterprisewide business systems architecture and transition plan encompassing end-to-end business processes and capable of providing accurate and timely information in support of the Army's business decisions; and
  - c. a specific proposal for implementing the business transformation plan developed pursuant to paragraph 3a and the business systems architecture and transition plan developed pursuant to paragraph 3b.
4. Before funds appropriated to the Department of Defense may be obligated for a defense business system modernization that will have a total cost exceeding \$1 million, the CMO is responsible for determining whether:
  - a. the business system modernization complies with the Department of Defense's enterprise architecture described at 10 U.S.C. § 2222(c); and
  - b. appropriate business process reengineering efforts have been undertaken to ensure that the business process supported by the business system modernization will be as streamlined and efficient as practicable, and the need to tailor commercial off-the-shelf systems to meet unique requirements has been eliminated or reduced to the maximum extent practicable.
5. The OBT is headed by the Director of Business Transformation (DBT). Subject to the approval of the Secretary, the Director is appointed by the CMO in consultation with the Director of the Defense

GO 2010-01

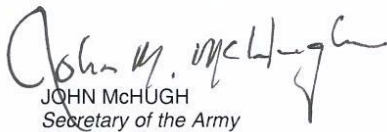
Business Transformation Agency. The DBT reports directly to the CMO, subject to the authority, direction, and control of the Secretary and policy guidance from the Director, Defense Business Transformation Agency. In carrying out any business transformation initiatives approved by the Secretary, the DBT has the authority to require Army agencies, commands, and other elements to carry out actions that are within the purpose and scope of the initiative. The CMO and DBT shall obtain the approval of the Secretary before combining, consolidating, restructuring, creating, eliminating, or substantially altering any Army business operation, system, process, network, or procedure, or any office, position, or entity of the Department.

6. Subject to the authority, direction, and control of the Secretary, the OBT shall assist the CMO in carrying out any business transformation initiatives. In performing this broad and overarching responsibility, the OBT's specific responsibilities include assisting the Secretary and CMO in:

- a. transforming the Army's budget, finance, accounting, and human resource operations as part of the business transformation plan;
- b. eliminating or replacing financial management systems that are inconsistent with the Army's business systems architecture and transition plan;
- c. ensuring that the Army's business transformation plan and the business systems architecture and transition plan are implemented in a manner that is aggressive, realistic, and accurately measured;
- d. reengineering Army business processes, including those processes within a joint environment;
- e. performing his or her responsibilities and determinations as required in paragraph 4 of this order.
- f. executing all such other responsibilities as the Secretary, CMO, and DBT determine are appropriate.

7. Effective 5 February 2010, the provisions of Headquarters, Department of the Army General Order 2002-03, dated 9 July 2002, that are inconsistent with this order are hereby superseded.

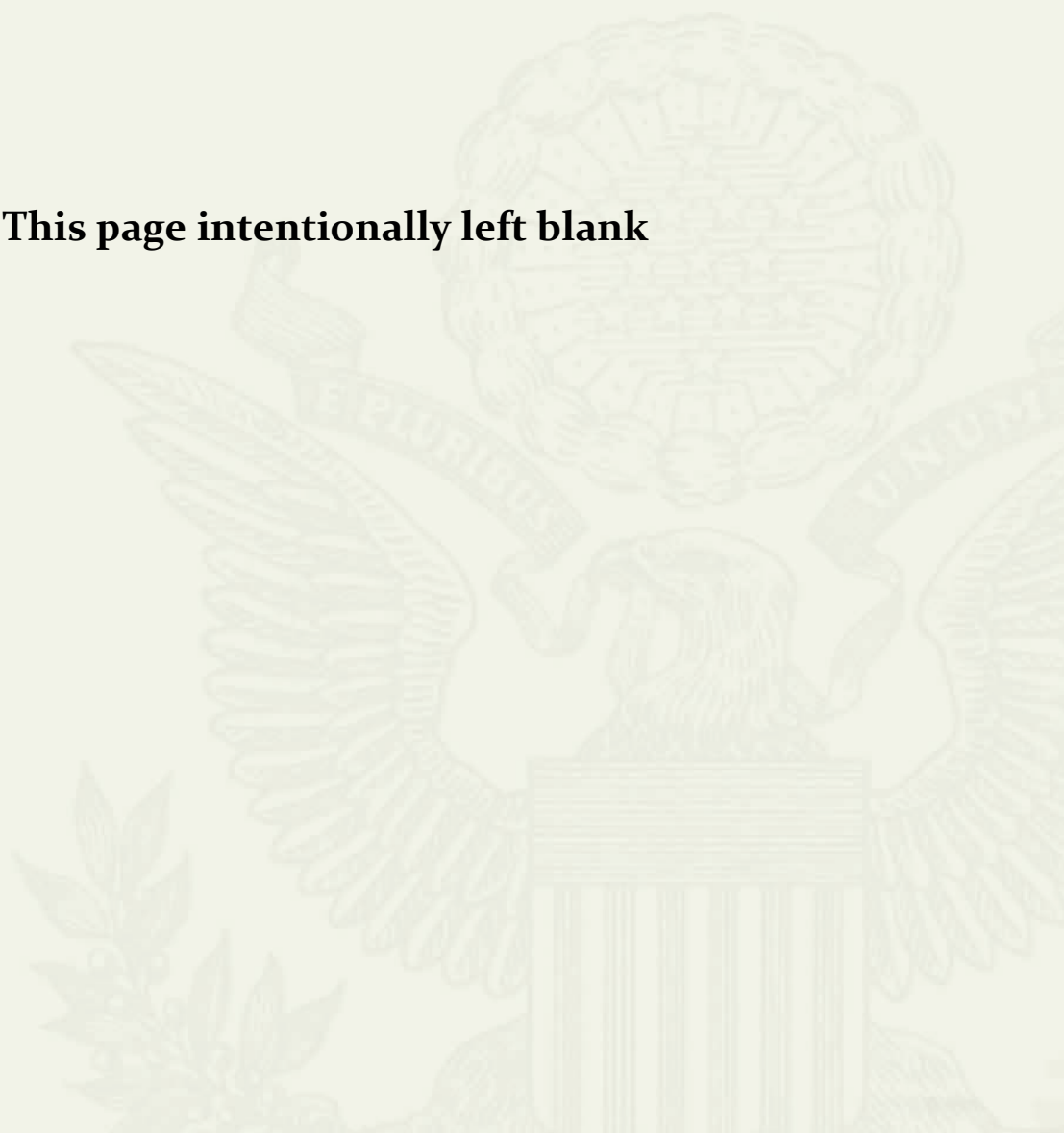
[USA]

  
JOHN McHUGH  
Secretary of the Army

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# **GLOSSARY**

## GLOSSARY

**Agility.** One of six qualities of a 21<sup>st</sup> century land force, as defined by the Chief of Staff of the Army. Agility is the ability to rapidly shift from one task to another. An agile Army must have forces that can quickly adapt to exploit opportunities in complex environments. The Army requires not only agile units but also agile minds and institutions.

**Army Enterprise Board.** The Army Enterprise Board's purpose is to advise the Secretary of the Army. As the Department's senior strategic advisory body, it serves as a forum for collaboration and synchronization in the Department of the Army. It is responsible for reviewing strategic Army issues and providing advice to the Secretary of the Army. Recommendations will support Army enterprise-wide results in the best interest of the Army and the Department of Defense. The Army Enterprise Board will advise the Secretary of the Army and the Chief Management Officer on the pace and direction of Institutional Adaptation. Subject to the authority, direction, and control of the Secretary of the Army, the Army Enterprise Board's focus may include: Army enterprise-wide results in support of national strategy; Strategic alignment of the Army with the Department of Defense; Army strategy and policy; Army institutional structures and processes; Strategic distribution of Army resources; Quality of life for the Army; and The All-Volunteer Force. The Army Enterprise Board reports to and receives its direction from the Secretary or designated representative.

**Army Force Generation (ARFORGEN).** A rotational readiness model and process that cycles units through three force pools: reset, train/ready, and available. The force pools are available at varying time intervals based on their readiness levels to provide operational and strategic depth.

**Army Management.** The leading and directing of all Army business operations

**Army Management Capability.** An integrated management system comprised of business transformation and business systems architecture and transition plans, business systems, processes, and their assessments through which the CMO leads and directs the business operations of the Army.

**Army Management Enterprise.** The functionally aligned collaborative entity that is focused on the overarching management of the Army enterprise. The Army Management Enterprise is responsible for the synchronization and integration input from of the Core Enterprises and their outcomes to ensure the planning, organizing, directing, and controlling of the Army enterprise's operation so that the Army's objectives can be achieved effectively and efficiently. Additionally the Army Management Enterprise will advise the Secretary of the Army on army-wide management issues that sustain readiness and preserve the All-Volunteer Force. As such the Army Management Enterprise's key stakeholders include the Headquarters, Department of the Army, Army Commands, Army Services Component Commands, and Direct Reporting Units.

**Best Value.** The tradeoff between price and performance that provides greatest overall benefit under specified selection criteria

**Business Operations.** Include the policies, processes information and systems relating to the end-to-end financial, logistical, facility management, human capital, acquisition, administrative, and other such functions that support the warfighter. This definition includes, among other things, the Army's medical services and information technology. This definition does not extend to policies, procedures, and decisions that relate primarily or exclusively to combat operations or

collective training for combat operations, or are the primary or exclusive responsibility of a combatant commander or the Chief of Staff of the Army, acting as a member of the Joint Chiefs of Staff.

**Business Process Reengineering.** a Customer Focused approach aiming at improvements by means of elevating efficiency and effectiveness of the business process that exist within and across organizations to gain dramatic improvements.

**Business Systems Architecture.** The Business System Architecture is the Army's blueprint for implementing business systems support of the Army's Integrated Management System. The Transition Plan is a long-term roadmap for transitioning the Army's legacy systems to a fully integrated platform, reducing cost and improving data quality.

**Business Systems Architecture and Transition Plan (BSA&TP)** The Business System Architecture and Transition Plan is a legislatively mandated Army plan to implement an enterprise-level business systems architecture and supporting processes. The transition plan will establish the framework to transform the Army's Business Systems and supporting information technology infrastructure. The Transition Plan is a long-term roadmap for transitioning the Army's legacy systems to a fully integrated platform, reducing cost and improving data quality. The Transition plan will address the systems review and approval processes to ensure compliance with legislation and, DoD and Army policies.

**Business Enterprise Architecture.** The Enterprise Architecture for Defense Business Systems is the blueprint to guide and constrain investments by DoD Components as they relate to or impact business operations. Enterprise Architecture is as defined in Section 3601(4) of Title 44, United States Code.

**Business Systems Architecture** is the "blue print" for transforming the technology platforms supporting Army business operations. It is a comprehensive, enterprise-wide set of operational, technical and systems requirements including end-to-end, cross-functional business processes, designed to increase the efficiency and effectiveness of business operations while minimizing the number of legacy systems, commercial off-the-shelf software customizations and interfaces.

**Business Transformation Initiative.** Mandated in Section 908 of the National Defense Authorization Act of 2009, the business transformation initiative includes at a minimum: development of a comprehensive business transformation plan, with measurable performance goals and objectives, to achieve an integrated management system for the business operations of the Army; development of an enterprise-wide business systems architecture and transition plan encompassing end-to-end business processes and capable of providing accurate and timely information in support of the Army's business decisions; and implementation of these two plans.

**Continuous Process Improvement.** Continuous Process Improvement (CPI) is a strategic approach for developing a culture of continuous improvement in the areas of reliability, process cycle times, costs in terms of less total resource consumption, quality, and productivity. Deployed effectively, it increases quality and productivity, while reducing waste and cycle time. The Army has embarked upon one of the largest enterprise-wide deployments of Lean Six Sigma (LSS) in an effort to institutionalize the tenets of CPI, a component of Business Transformation. LSS combines the principles of Lean (reducing and eliminating non-value activities) with Six Sigma (reducing variation, increasing quality) to improve process effectiveness and alignment with the voice of the customer.



**Contract Management:** Management of the end-to-end processes used to garner and utilize contract support.

**Core Business Missions:** OSD organizes business processes and systems into five Core Business Missions (CBMs). These are:

1. Human Resource Management (HRM)
2. Weapons System Lifecycle Management (WSLM)
3. Material Supply and Service Management (MSSM)
4. Real Property and Installation Management (RPILM)
5. Financial Management (FM)

**Core Enterprise.** Functionally aligned along the Army's Title 10 end-to-end lifecycle functions, these entities establish a forum for collaboration among the Army's senior leaders and other stakeholders to share ideas, and propose solutions to common problems. As such they share mutual interest, but do not have command and control relationships. The Secretary of the Army has authorized four functionally aligned Core Enterprises (CE) in the areas of Human Capital, Materiel, Readiness, and Services and Infrastructure, corresponding to a rough division of the Secretary of the Army's Title 10 responsibilities. For example, those organizations involved in recruiting, assessing, and conducting individual training, are grouped together with those charged to manage the Army's personnel throughout their careers in the HCE.

**Commercial off-the-Shelf (COTS):** Commercial off-the-shelf software refers to computer software developed and made available broadly for sale, lease, or license by software companies. COTS software can be configured to meet unique organization needs and is an alternative strategy to custom software development. The Army is acquiring COTS – based business applications for human resources, financial management and logistics developed by SAP and Oracle.

**End-to-end Lifecycle Management.** A management process, applied throughout the life (systems development, production, delivery, sustainment, and disposal) of a system or commodity (human capital, materiel, readiness, and services and infrastructure) that bases all programmatic decisions on the anticipated mission-related and economic benefits (cost, schedule, performance, risk, and supportability) derived over the life of that system (proposed by the Materiel Enterprise).

**Enterprise Management.** The management of the Army's business operations through the application of philosophies and practices that focus on achieving the objectives of the organization as a whole, rather than merely furthering the parochial interests of individual components.

**Enterprise Transition Plan.** An enterprise level document that lays out a roadmap for achieving DoD's business transformation by implementing changes to technology, process, and governance. It contains time-phased milestones, performance metrics, and a statement of resource needs for new and existing systems that are part of the business enterprise architecture. The Enterprise Transition Plan also includes a termination schedule for those legacy systems that will be replaced by systems in the target business enterprise architecture environment. Consistent with tiered accountability, systems that are outside the current scope and organizational span of the Business

enterprise architecture are managed within Component transition plans and reflected in the Enterprise Transition Plan.

**Federated Architecture.** An approach for enterprise architecture development that is composed of a set of coherent but distinct entity architectures; the architectures of separate members of the federation. The members of the federation participate to produce interoperable, effectively integrated enterprise architecture. The federation sets the overarching rules of the federated architecture, defining the policies, practices and legislation to be followed, as well as the inter-federate procedures and processes, data interchanges, and interface standards, to be observed by all members of the federation. Each federation member conforms to the enterprise view and overarching rules of the federation in developing its architecture. Internal to themselves, each focuses on their separate mission and the architecture supporting the mission.

**Fully Integrated Management System.** A management system that integrates all of an organization's systems and processes in a coordinated framework, enabling its components to work as a single unit toward unified objectives. In contrast to a system of "silos," in which individual organizational components perform functions independently without considering the impacts of their action or programs on the total organization, a fully integrated management system contemplates vertical and horizontal coordination of action. The success of a fully integrated system requires consideration of the impacts and risks of any proposed action on each component of the system and on the system as a whole. A fully integrated management system ensures that the organization executes all required functions and responsibilities, but minimizes redundancy of effort and function to the extent possible. Organizational components with responsibilities in the same functional area are encouraged to collaborate and cooperate so as best to enable each component to meet its objectives and responsibilities in a way that contributes to achieving the organization's unified objectives.

**Generating Force.** The generating force consists of those Army organizations whose primary mission is to generate and sustain the operational Army's capabilities for employment by Joint Force commanders. As a consequence of its performance of functions specified and implied by law, the generating force also possesses operationally useful capabilities for employment by or in direct support of Joint Force commanders. The generating force provides these capabilities either remotely through reach back or directly within the area of operations. These contributions include functions such as training, equipping, construction and maintenance, and are embodied in activities such as communications, engineering, and installations support.

**Lean Six Sigma:** Lean Six Sigma brings two complementary business management strategies together. "Lean" focuses on improving business process speed, efficiency and flow. Six Sigma seeks to improve the quality of business process outputs by identifying and removing the causes of defects (errors) and minimizing variability in manufacturing or business processes.

**Legacy System.** A legacy system is an old method, technology, computer system, or application program that continues to be used, typically because it still functions for the users' needs, even though newer technology or more efficient methods of performing a task are now available.

**Management.** The process of acquiring, organizing and controlling resources (people, money, materiel, facilities, information, time, etc.) to effectively and efficiently accomplish the mission. Management is linked with leadership, just as doctrine, systems, processes, facilities and equipment are connected with the people who use them.

**Metric.** A standard of measurement. Metrics are used to assess and adjust operations and business strategies. Metrics are indicators that measure and assess progress in achieving desired outcomes. Desired outcomes may include: decreasing costs, increasing performance, and reducing cycle time in order to improve support to the warfighter.

**Network Enabled.** Processes and functions that have the ability to use a network to share and transfer information and data.

**Office of Business Transformation.** The OBT will complement the daily operations of the Headquarters, Department of the Army. The OBT will be responsive to decision makers, have long-range policy- and process- setting authorities, and the overriding ability to drive enduring business transformation across the enterprise. It will assist the CMO as the horizontal integrator across the activities of the Army Secretariat and the vertical integrator between the Secretariat and the Department of the Army Staff. The intent is to directly support senior leaders of the Department of the Army and to do so without distracting from current operations and interrupting the ongoing work of the Department to support the warfighter.

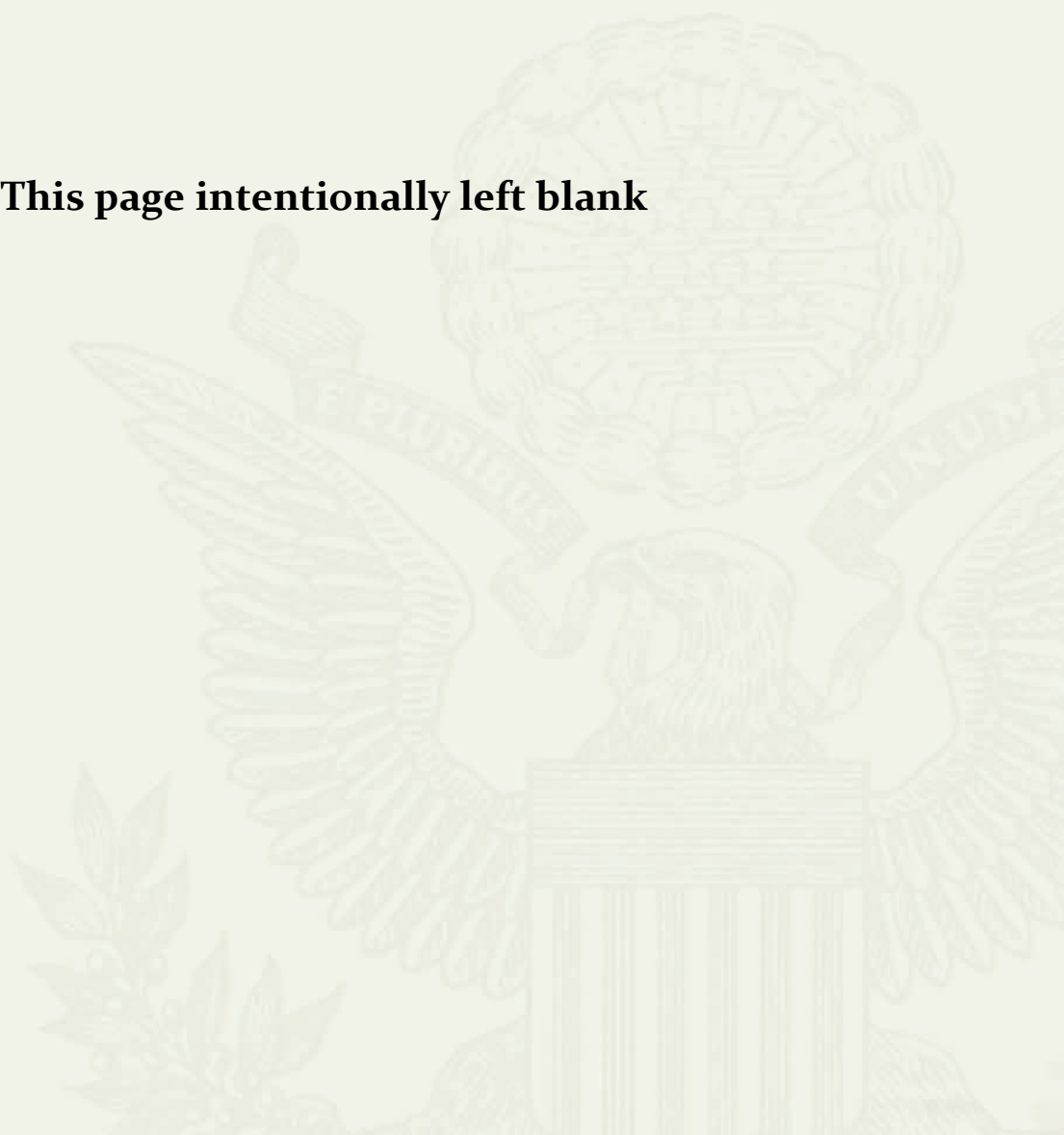
**Operating Forces.** Those forces whose primary missions are to participate in combat and the integral supporting elements thereof. Such forces are allocated among combat forces; combat service support elements; combat support elements.

**Strategic Management Plan (DoD).** Describes the integrated activities representing the Department's performance management system. This integration has enabled Department of Defense leadership to increase productivity by focusing resources on the key levers that drive success.

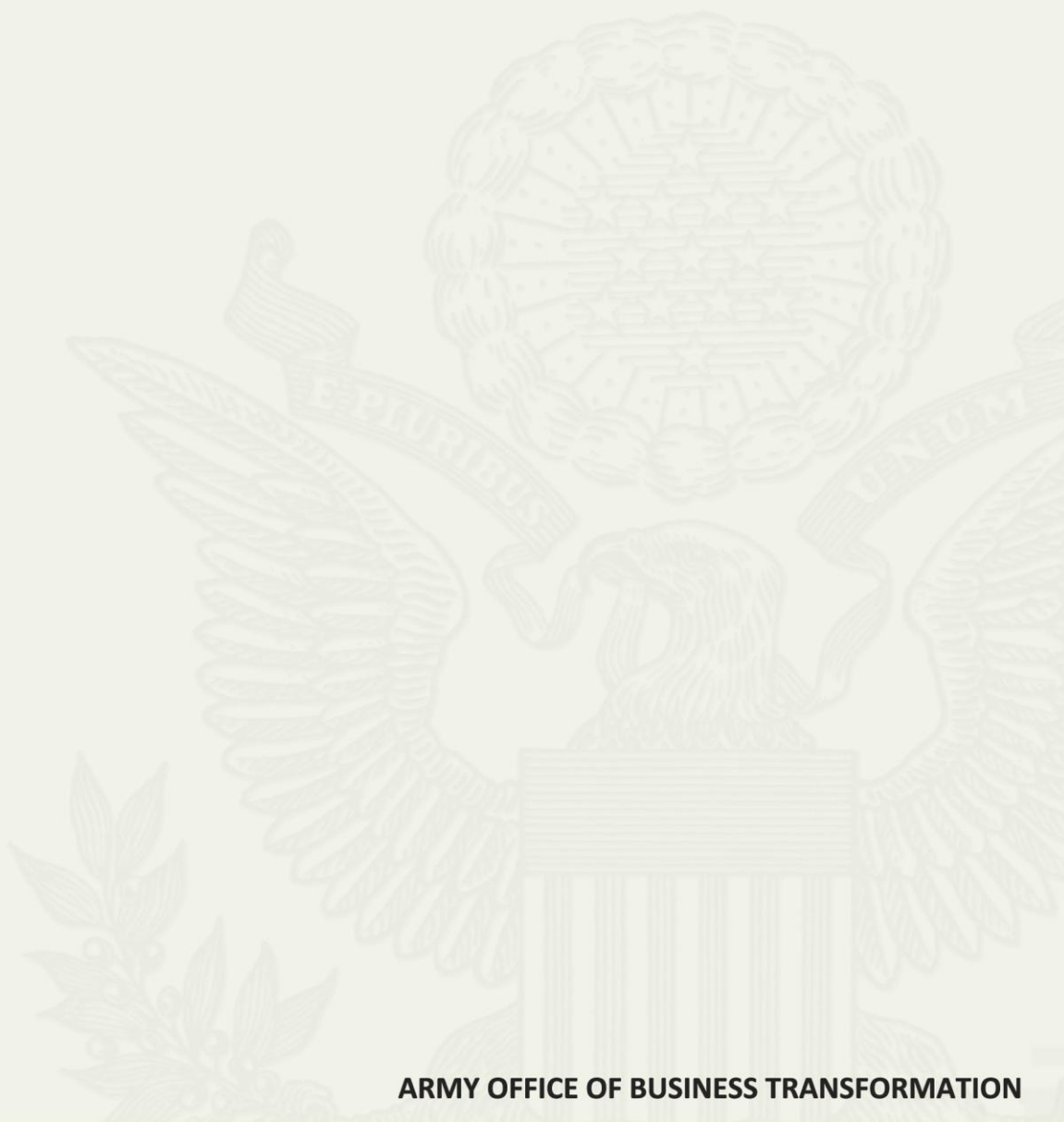
**Value Proposition.** An analysis and quantified review of the benefits, costs and value that an organization can deliver to customers and other constituent groups within and outside of the organization. It is also a positioning of value, where  $\text{Value} = \text{Benefits} - \text{Cost}$  (cost includes risk).

**Versatility.** One of six qualities of a 21<sup>st</sup> century land force, as defined by the Chief of Staff of the Army. Versatility is the central organizing principle of a balanced Army. Versatility implies that: precision is impossible when predicting force requirements in this volatile and uncertain strategic environment, and that our Army must be able to react to the future as it actually presents itself. A versatile force must possess a balanced mix of multipurpose capabilities and sufficient capacity to execute our doctrine of full spectrum operations across the range of military operations, from peacetime engagement to major combat. The Army is only as versatile as its soldiers, leaders and civilians. Versatile leaders are competent in their core proficiencies, yet broad enough to operate across the spectrum of conflict.

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**ARMY OFFICE OF BUSINESS TRANSFORMATION**

